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WEST EUROPE REPORT

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PROPOSALS ARISING FROM COUNTERARMING DEBATE VIEWED

Paris DEFENSE NATIONALE in French Dec 82 pp 52-59

[Article by Jean Klein, Chief Researcher in the CNRS (National Center for Scientific Research): "The Debate on Security in the Federal Republic of Germany"]

[Excerpts] II. The Challenging of the Arms Race and of NATO's Strategy

In the FRG, the debate on modernization of intermediate-range nuclear weapons has resulted in an outpouring of proposals and studies ranging from radical challenging of NATO to a reform of the strategy in force. It would be out of the question to review all of the proposals that have received some attention, or to dwell on naive or Utopian formulas based on unilateral disarmament or nonviolent civil defense. The slogan "Frieden schaffen ohne Waffen" (build peace without weapons) is often broached by militants claiming evangelical morality in the FRG and in the GDR, but it cannot be said that it has been ratified in the competent bodies of the churches, and in its extreme form, it will rally only a few disciples. Symbolic unilateral disarmament has garnered more attention inasmuch as it could get the adversary side to start on the road of a negotiated disarmament. It would still be necessary for the state taking such an initiative to have the possibility of retraction if its exemplary gesture were not effectively reciprocated. In any case, Mr Egon Bahr sees no objection in principle to this way of communicating with the adversary-partner.⁹

More significant are the approaches aimed at strengthening defense by conventional means. They are enjoying a certain favor today, for it is considered that they would make it possible to guarantee the FRG's security with less risk and thus to overcome the dilemmas of nuclear deterrence. Strengthening of the conventional potential falls, of course, within the logic of flexible response, and the speech delivered in Brussels on 30 September 1982 by General Rogers, supreme allied commander in Europe (SACEUR), does indeed put emphasis on this specific component of the Atlantic formation.¹⁰ The objective sought is to raise the nuclear threshold and fall back on nuclear weapons only in the last resort. This shifting of the center of gravity of flexible response to the benefit of conventional deterrence seems to have been integrated into the official thinking of the FRG government.¹¹

Many, however, have rejected the flexible-response strategy since NATO has lost its superiority in the nuclear domain and is no longer in a position to control

escalation to the extremes. In addition, qualitative progress such as miniaturization of charges and precision of firing have made selective use of nuclear weapons in a geographically circumscribed space more likely. Thus the Germans have become aware of the defects of a security system which, if put to the test, would run the risk of destruction of the stakes that it is desired to preserve. In order to get out of this dilemma, they aspire to a defense that would not be suicidal in the event of failure of deterrence but would make it possible to hold the adversary forces in check so as to preserve the possibility of a political settlement before the transition to nuclear apocalypse. The renewal of interest in these theses is linked to the debate on modernization, for it is considered that the Pershing II's and the Cruise missiles are both vulnerable and threatening to the USSR, and that they would therefore be the first targets of a nuclear attack in the event of an armed conflict in Europe. Far from contributing to stabilization of the deterrent equilibrium, the ground-based systems would be rather an invitation to a preemptive strike and an additional handicap in the negotiations aimed at arms control.

The most systematic presentation of a conventional defense utilizing all the resources of modern technology and exploiting the advantages enjoyed by the defensive side because of its knowledge of the terrain on which it is operating is to be found in the writings of Horst Afheldt of the Max Planck Institute (Starnberg). When the joint work "Kriegsfolgen und Kriegsverhuetung" [Consequences of War and Prevention of War]¹² appeared in 1971, the author's theses were rejected out of hand by the political and military establishments. "Verteidigung und Frieden" [Defense and Peace], published 5 years later, received a warmer welcome, and today, the idea of operational defense of the territory by means of "techno-guerrilla" warfare is discussed in the most diverse circles and is arousing the interest of the professionals.¹³

Finally, the United States' aversion to first use of nuclear weaponry is an additional argument in favor of conventional defense, and the article that appeared in the Spring 1982 issue of the review FOREIGN AFFAIRS, under the signature of four former members of the administration, has the value of a warning, for it reflects a feeling that is quite widespread in the United States.¹⁴ Now a "no first use" commitment runs the risk of shaking the allies' confidence, and it is not surprising that the governments in the front-line countries have rejected this concept.¹⁵ On the other hand, there is speculation in all political parties about the best way to reduce destruction in the event of armed conflict while at the same time preserving the chances for credible deterrence. Personalities as diverse as Manfred Woerner (CDU)¹⁶, Moelleman (FDP)¹⁷, Egon Bahr, Horst Ehmke and Karsten Voigt¹⁸ have made proposals in that regard. Their common denominator is the withdrawal of all or part of the tactical nuclear weapons and concomitant strengthening of the conventional military apparatus. Some go so far as to recommend the creation of zones free of nuclear weapons, and Egon Bahr recently declared in favor of total denuclearization of the countries that do not have direct access to nuclear weapons.¹⁹

Mr Moelleman, for his part, aims at denuclearization of all of Europe; but he hardly inquires into the way in which nuclear disarmament of France, Great Britain and the USSR could be achieved. As for the Palme Commission, it has recommended the creation of a zone of 150 kilometers on either side of the de-

marcation line in Europe, from which the nuclear weapons capable of being used in the battlefield would be withdrawn.²⁰ The Social-Democrat deputy Ehmke seems to agree with this approach, which appears to him compatible with the practice of a credible nuclear deterrence; but he distances himself from the maximalist proposal of Egon Bahr, for in his view, it would injure the cohesion of the Alliance.²¹ In the last analysis, the debate that has started within the three big parties of the FRG on the respective roles of nuclear and conventional weapons for the defense of Europe is in response to concerns in which the security considerations are intimately linked with the national question. This debate is therefore not close to a conclusion.

III. An Open Question: the Future of the German Nation

Since the time that the Bonn government has been subjected to the antinuclear dispute and a considerable part of public opinion has wanted a loosening of the grip of the "blocs," it has been suspected that the Germans are pursuing national objectives by way of cooperation with the East and of cultivating a neutralism of accomodation vis-a-vis the USSR in order to favor reconstitution of the unity lost. These fears are openly expressed in France, and in an interview with the weekly LE NOUVEL OBSERVATEUR, Jean Poperen recalled that in a pamphlet written in 1980, he "raised the hypothesis of a bargaining between the USSR and the Federal Republic of Germany: unification in return for neutralization." Because of the behavior of "certain European governments in the face of the Polish alarm," this hypothesis deserved to be taken seriously today.²² About the same time, Prof Francois-Georges Dreyfus, of the University of Strasbourg, stressed the permanence of national feeling in Germany and the continuity of the policy carried on by the FRG to overcome the division of the country.²³ For all that, should it be deduced from this that the West Germans are on the point of drifting into a neutralism that would only be the disguised form of a latent nationalism? The reality is more complex and does not lend itself to such clear-cut judgments.

The movements called pacifist have introduced a new element into the debate by linking the struggle for disarmament in Europe with the achievement of German unity. Whereas in the FRG the nation has generally been considered a right-wing referent, there has been, in recent times, a resurgence of national feeling on the German left and far left. This phenomenon has been manifested mainly in Berlin, and as early as the beginning of the 1970's, a personality like Rudi Dutschke, representative of the "extraparliamentary" opposition, expressed doubts about the soundness of an occultation of the national problem by his political friends. Likewise, Martin Walser, who in 1968 had denounced the reactionary character of the idea of "fatherland," expressed quite different thoughts 10 years later, at the Bergen-Enkheimer writers' gathering. After indicating that no one would succeed in eradicating Germany's "historical consciousness," he concluded with this appeal: "We must recognize neither the FRG nor the GDR, but keep open the wound that is called Germany."²⁵ Finally, two young historians, Herbert Ammon and Peter Brandt, have worked out a model that provides for the two German states' withdrawal from the alliances and the creation of a German confederation that would opt for nonalignment. This model inspired the program adopted in Spring 1981 by the Berlin movement for an "Alternative," and analogous ideas have been expressed by the dissident GDR physicist Paul

Havemann, in an open letter addressed to Mr Brezhnev in mid-November 1981. The possible eventuality of a separate settlement of the German question has, of course, aroused lively controversy,²⁶ and for the time being, it is envisioned only by a minority within the movement militating for peace. The fact remains nonetheless that the question has been raised openly and that the recent opinion polls reveal that 62 percent of the population of the FRG warmly desire reunification; 32 percent are not particularly concerned about it, and only 13 percent consider it a possibility.²⁷

Under these conditions, it is important not to neglect this dimension of the problem of security and to conceive of formulas that make it possible to reconcile the national aspirations of the Germans with the exigencies of maintenance of peace on the continent. Minds such as Peter Bender²⁸, Egon Bahr and Guenter Baus have gone in this direction and favor the pan-European approach. In France, some are obsessed by the specter of a new Rapallo and fear that the Ostpolitik might pull the FRG into the Eastern camp; to prevent such a development, they see no other remedy than a return to Atlantic orthodoxy and modernization of nuclear weapons, which would subject the FRG to severe stresses. Now it can be feared that such an approach might lead to an impasse, in view of the sensitivity of German public opinion in the matter of security and the specific problems that the division of the country poses. For France, it all boils down, in the last analysis, to the three questions that General de Gaulle formulated in his press conference of 4 February 1965: "Doing things in such a way that Germany is henceforth a reliable element for progress and peace; under this condition, helping in its reunification; taking the approach and choosing the framework that would make it possible to achieve this." That the undertaking is a vast and complex one and that success is far from assured, no one will dispute. But the German problem is the European problem par excellence, and it can be resolved only in a "Europe in a state of equilibrium, peace and cooperation from one end to the other of the territory that nature has given it."

FOOTNOTES

9. Egon Bahr, *op. cit.*, p 152.
10. Cf LE MONDE, 5 October 1982, "A New Atlantic Strategy?"
11. See in particular the address by Mr Leister, secretary of state for defense, to the Assembly of the WEU [Western European Union], 16 June 1982.
12. This work, published under the direction of Prof Carl-Friedrich von Weizsaecker, brought out the contradiction in the NATO strategy and described in a wealth of detail the disastrous consequences for the FRG of an armed conflict in Europe. We reviewed this book in POLITIQUE ETRANGERE, No 4, 1972.
13. See in particular the exchanges of views between Horst Afheldt and General Altenbur reported in DER SPIEGEL, No 21, 24 May 1982, p 95.

14. "Nuclear Weapons and the Atlantic Alliance," by McGeorge Bundy, George F. Kennan, Robert S. McNamara and Gerard Smith, FOREIGN AFFAIRS, Vol 60, No 4, Spring 1982.
15. See in particular the article by Minister of Defense Hans Apel: "On the Debate about NATO's Strategy," EUROPA-ARCHIV, No 11, 10 June 1982.
16. Cf FAZ [FRANFURTER ALLGEMEINE ZEITUNG], 29 May 1982.
17. Cf NZZ [NEUE ZUERICHER ZEITUNG], 29 May 1982.
18. Cf "The Risk of a Limited Nuclear War in Europe," EUROPA-ARCHIV, No 6, 25 March 1982.
19. Speech given at Rastadt, 23 May 1982, on the occasion of the awarding of the Gustav Heinemann Prize to Egon Bahr. Cf the commentary in DIE ZEIT, 28 May 1982.
20. Cf "Common Security: A Programme for Disarmament," Pan Books, London and Sydney, 1982, pp 146 ff.
21. Cf his article, "We Must Share the Nuclear Risk," DER SPIEGEL, No 23, 7 June 1982.
22. Cf LE NOUVEL OBSERVATEUR, 15 January 1982.
23. Cf "Pacifism and Neutralism in the FRG Today," by Francois-Georges Dreyfus, DEFENSE NATIONALE, January 1982.
25. Cf the commentary by Johann Michael Moeller, "The Wound Called Germany," FAZ, 19 May 1981.
26. Cf in particular the articles by Prof Heinrich August Winckler, "Are the Germans Nationalists?," DIE ZEIT, 29 January 1982, and Prof Hans-Ulrich Wehler, "We Do Not Need Any New German Special Approach," FAZ, 15 February 1982.
27. Cf "German from the Front?" by Karl-Heinz Janssen, DIE ZEIT, 13 November 1981.
28. Cf in particular the last two chapters of his book "Das Ende des ideologischen Zeitalters. Die Europaisierung Europas" [The End of the Ideological Age--The Europeanization of Europe], Severin und Siedler, 1981, pp 219-269.

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COMBAT READINESS IN LIGHT OF CHANGING DEFENSE STRATEGY

Cooperation With Allies

Zuerich NEUE ZUERCHER ZEITUNG in German 15 Jan 83 p 5

/Article by Ch.M./

/Excerpts/ "He who tells me that he prefers an additional division of troops to a nuclear missile submarine is not living in the present." France's socialist Defense Minister Hernu said this last fall in the rising debate over the future structure of the Armed Forces. In the dilemma over nuclear and conventional defenses, which has been deepened by growing financial straits, he outlined the current priorities. At today's rates, a missile submarine costs around 3 billion francs, and an armored division, 2.2 billion. Therefore, the French Army is headed toward a further reduction in manpower. New structure reforms for the 1984-88 planning period are being projected just as the far reaching changes of the latter part of the 1970's have been brought to conclusion.

Again, the goals of increased firepower, mobility and increasing "polyvalence" are being wordily sworn to. The Army Chief of Staff has reassuringly said that his service will not be degraded to the "Cinderella of the defense". However, do such declamations still mean anything in view of the already foreseeable "sinking" of an infantry and an armored division through the expenditure alone for maintenance of six operational missile submarines in the 1990's? How long can France afford in the future a completely combat-ready "Corps de Bataille" /Corps of Battle/ alongside of its nuclear defenses?

One such reform measure envisaged concerns the plan to concentrate the previously Corps-subordinated combat helicopter regiments into an airmobile division that would be somewhat oriented to the model of the prospective U.S. Army "high-technology" division and, consequently, would also take into consideration Vietnam War experiences of such formations. With regard to the more than doubled 350-kilometer range of the Hades successor missile, the other potential measure consists of the withdrawal of Pluto rocket regiments from the Corps and their resubordination to the Army Chief. In times of war or crisis, this will be by decree. In normal times, the integrated Supreme Commander, as Chief of the General Staff, is responsible for the commitment of forces, if along with him the heads of the services have the higher

responsibility for the marshalling of forces, as, for instance, in an FAR /rapid action force/-intervention. This provision should now be further developed with a "Forces d'action et d'assistance rapides (FAAR) /Rapid action and assistance force/ headquarters commanding all "third dimension" air-transportable army units. This FAAR command would be subordinate to the service Chiefs of Staff. Along with the present FAR-units would also be included massed antitank helicopters, and the 27th Alpine Division and all other troops capable of airborne operations. These FAAR-forces would be a highly-mobile reserve both for overseas deployment as well as for the conventional Corps de Bataille on the Rhine.

Window-Dressing or Improvement?

According to the official, optimistic version of this reorganization, France could intervene in battle on the side of its allies, better, more quickly and from more advanced positions with its large helicopter formations and its increased-range Hades. In actuality, the Hades would, under utilization of its greater radius of action, probably be withdrawn from the area threatened by a potential melee. Just as little forward "projection" would be left as with the combat helicopter unit, which is now praised as a near miracle corps. The mobility of these units for combat far ahead of their own front, though probably still behind the German front, is of course being emphasized, and the problem of the awkwardness of the armored division is raised here. However, antitank helicopters can fight effectively only when they are used in tandem with tanks themselves. This interaction is difficult enough at a level of battalion and flight or half-flight, at which the engagement would be conducted in reality. Engagements involving allied interactions are hardly conceivable in this framework, and because the crucial tactical level is that of battalion and flight, concentration in large units does not seem to be imperative. Additional helicopter regiments or a reasonably-endowed strong antitank component in these regiments is not provided for. A second-generation combat helicopter is urgently necessary as a substitute for the AMX-30 tanks, obsolescent even in its new B-2 version, and a German-French project is being formed for this reason.

The helicopter unit, in itself showing the direction of technical weaponry, though not necessarily the proper conceptional direction, will one day be used mainly to lay a defensive screen. However, unnoticed under the noise of rotors and the flash of missiles, the basis of the standard land division is shrinking and combat strength is being further reduced due to insufficient efforts at the modernization of its material. From a purely technical and tactical point of view, the logical consequence would be a still-earlier use of the Hades. With a view to a Bundeswehr /German Federal Army/ four times stronger in armored vehicles, the Army was favored over nuclear armament under Giscard d'Estaing. It was thought to be indispensable for the credibility of deterrence to the "national sanctuary" and its approaches. Now, not only two of the three Gallic armies will be affected by reorganization and reduction, but they will also be weakened by generally reduced or delayed supply of modern weapons. And the favored "spearhead" is itself affected by this, because it would be put into only limited action for want of a sufficient air force capacity.

Tank, Antitank Helicopter Needed

Zuerich NEUE ZUERCHER ZEITUNG in German 18 Jan 83 pp 3-4

/Article by Ch.M./

/Excerpts/ AMX 30 B2 as a stopgap.

Above all, the French Army needs a new tank and antitank helicopter. Primarily owing to a financial and political change of spirit, there has been no instruction of any type on the "EPC" (Engin principal de combat) /main combat vehicle/, deemed the future tank of the 1990's. The point is being pressed that France has neglected the bulk of its tank forces beyond the point of tolerability for about a generation. In Saumur, at the traditional cavalry school now training today's curassiers, dragoons, hussars and jaegers in the art of armored warfare as well as at a demonstration and parade regiment such as the 501st motorized, a reassuring argument is being conducted with much emphasis and presentation of data: good training will make up for many technical deficiencies in an eventual combat situation. However, the lack of Chobham armor, updated equipment for night combat as well as stabilization for fire during movement dramatically bring out the discrepancies in Soviet armament. At any rate, a modernization program is now under way. As a stopgap, the French battle tank will be re-equipped as the AMX 30 B2 with improved optics, computerized target sighting system with laser rangefinder, television camera for night combat, as well as dart munitions for the 105mm equalizing cannon. This pepping up of armored forces, officially being called "valorisation", at a cost per vehicle equal to two-thirds the cost of a new, present-design AMX 30 signifies a rather precarious "prolongment of life" until a new second-generation tank, such as the M-1 Abrams or Leopard 2, is introduced. Pulling out of the foundering Franco-German tank project has been advised. In view of the high cost of the American-made Apache antitank helicopter, West Germany is again showing somewhat more interest in the French Know-How helicopter. It is questionable as to whether this interest will result in a jointly-produced, better-protected second-generation helicopter useable for night-time operations.

The question of fire under movement is regarded with great scepticism by French tank officers. One officer, frankly alluding to the motor and transmission defects of the AMX 30, stated that he would gladly have the Leopard chassis for his "ideal tank" but would not give up the AMX 30 turret for anything. Combat doctrine and custom may have led here to a certain disregard for technical perfection, the outgrowth of which, on the other hand, is not in reality absolutely necessary in many countries. While German and American tank design have taken the path of British-style heavy tonnage, the French are moving almost more than the Soviets in the direction of more agility, though not in an advantage of speed. The EBR armored reconnaissance car of the Fifties, now re-armed with a 90mm main gun, remains the godfather, so to speak, and continues being used in service since the production of its successor-model, the AMX 10 RC with a 105mm main gun, has been lagging. What is more, the supply has been reduced by over 200 to just over 300 remaining vehicles. The ERC 90 Sagaie reconnaissance tank for intervention forces is also expected to be in relatively short supply.

Triumph of The Wheel and Misery of Anti-Aircraft Defense

The production of VAB's (vehicule de l'avant blinde) /armored scout vehicle/ and armored personnel carriers for motorized infantry is, on the other hand, already quite advanced. The concept of lightness prevails in this as well, and the wheel has plainly triumphed, just as it had before with the British, who are now plainly and increasingly moving in the direction of tracked vehicles. At least, the question has been raised as to whether the French Army will not be made too dependent upon the dense European road network by its use of wheeled AMX 10 RC's and VAB's. Meanwhile, both tank regiments of a tank division are extensively practicing river fording with snorkels, while the mechanized regiments continue moving on tracked armored personnel carriers, such as the relatively modern AMX 10 P or the older though more numerous AMX 13 VTT. Neither of these vehicles can be compared to the German Marder or American Bradley, as they are hardly intended to be Soviet BMP /Infantry combat vehicle/-style personnel carriers for mounted combat. French armored infantry has to fight dismounted, because doctrine, in reference to field realities and the probable form of battle, considers it unnecessary to copy Soviet methods.

From a design point of view, French tank armament at the present time seems to be light and agile, though somewhat obsolete. The holding of tank allocations at the lowest necessary level, nominally only slightly more than 1100 tanks, doubtfully not including the AMX 13 with antitank missile, can only be explained in the context of a limited role of the army within the framework of the overall nuclear strategy. In the face of sluggish buying of the Roland anti-aircraft missile tank, whose all-weather version is just coming into use with the army, the anti-aircraft screen of the French Corps de bataille is critically insufficient. The infrared one-man anti-aircraft missile SATCP (Systeme sol-air tres courte portee) /very short portable ground-to-air system/ will now finally be introduced in this decade to all three branches of service. The nearly-Swiss tardiness of this measure sheds light on the urgency of also replacing flak guns, the majority of which are obsolete. The disposal of this and other material bottlenecks of the Army within a reasonable space of time is still uncertain due to financial constraints, which are much more tolerated than a concentration on new tanks and helicopters.

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BKA INTENSIFIES SEARCH FOR REVOLUTIONARY CELLS

Hamburg DER SPIEGEL in German 3 Jan 83 p 17

/Text/ The Federal Criminal Office (BKA) intends to get on the trail of the "Revolutionary Cells (RZ)" with questionable search methods. The state's guardians believe in their central office in Wiesbaden that the seizure of suspected students, looking for apartments, because of accumulated data at the university, belongs, perhaps, to their "intensified investigations". These hidden measures are to be also used in detention centers. Criminal investigators want to uncover there, with the help of the law, if possible, "politicized prisoners", who will shortly be released and can be "turned 'round".

According to the thinking of the BKA, Sympathizers of the Revolutionary Cells, who have gotten themselves into trouble, should be recruited for spying on the RZ's; e.g. those who must shortly face jail terms, are gravely ill, or have lost their jobs. Moreover, the BKA officials want to arrange that those, who have been identified through internal screening as being associated with the area of RZ activity and then nabbed for shoplifting, be held until the arrival of Wiesbaden's special criminal investigators.

Such measures are hardly compatible with the basics of data protection and individual rights of freedom. Nevertheless, BKA investigators hope to secure the backing of Bonn's CDU Minister of the Interior, Friedrich Zimmermann, because success in the search for the high-explosives assailants of the RZ's has yet to be achieved.

The state's guardians attribute about 60 attacks to the RZ's in 1982 alone. The director of a provincial criminal office (LKA) has determined that in the last 4 years, however, "no single culprit has been identified".

Some provincial police authorities go so far as to deny the BKA's competence to conduct the investigation against the RZ's. Most attacks would be of local and not of "national significance". Therefore, the investigations should be decentralized.

12247

CSO: 3620/175

ELECTRICITY SUPPLY, CONSUMPTION IN 1982

Brussels DE STANDAARD in Dutch 6 Jan 83 p 3

[Article by L.S.: "Nuclear Power Stations Supplied 30 Percent of Electricity Produced -- Low Voltage Consumption Increased 3 Percent in 1982"]

[Text] In 1982, the consumption of electricity dropped by 0.5 percent. That is the third drop since the energy crisis of late 1973. It is also the smallest of the three. In 1975, the decline amounted to 5.7 percent, and in 1980 it was 0.8 percent. The reductions have always been the result of a drop in industrial consumption of electric current. Low voltage consumption has always continued to increase. Last year, the increase of that consumption was 3 percent. This is apparent from the preliminary statistics of the Industrial Federation of Producers and Distributors of Electricity in Belgium [BFE].

The total high voltage consumption dropped by 2.1 percent in 1982. In 1981 the drop amounted to 1.1 percent, and in 1980 it was 2.5 percent. With a reduction of 10.8 percent, 1975 remains by far the year with the largest drop in high voltage consumption. When this high voltage consumption is divided into industrial consumption and service consumption, then this reduction looks somewhat different again. In 1982, industry made do with 3.1 percent less electric current than in the previous year. Service consumption, however, increased 2.1 percent. The largest increase occurred in electrical traction (railroads, tramways, subways) with 2.5 percent.

The drop in industrial consumption is primarily attributable to the low economic growth of a number of sectors which are high electricity consumers, such as the steel sector and the non-ferrous metals companies. During the first 9 months of 1981 the consumption of electricity in the steel industry dropped by 8.5 percent. The BFE expects that the drop for the whole year will be even larger because activity in this sector declined even further during the last quarter. In the non-ferrous metals sector the reduction amounted to 12.1 percent.

An analysis of the evolution of demand per quarter in 1982 shows that the overall consumption of electricity during the first and second quarters is higher than in 1981. For the third quarter it is 1.1 percent lower than in 1981, and for the fourth quarter it is 3.4 percent lower.

Shifts

Last year significant shifts occurred in the fuel consumption of the electric power stations. The share of solid fuels (coal and related products) increased further to 31.8 percent of the total fuel consumption. Consequently, over a 10 year period the share of solid fuels has gone up from 13 percent to 31.8 percent. This percentage share does not say too much about the importance of solid fuels. Last year, those solid fuels were used to produce 15,243 gigawatt-hours [GWh].* That is the largest amount of kilowatt-hours [kWh] ever produced in Belgian electric power stations from solid fuels. The 13,602 gigawatt-hours of 1981 was the previous record. The year 1966 was third with 13,382.6 GWh from solid fuels, which at that time still represented 62.2 percent of all fuel consumption.

Last year, liquid fuels were ousted from second place by nuclear energy. In 1982, the nuclear power stations produced 14,519 GWh or 18.8 percent more than in 1981, and increased their share of total production to 30.2 percent. Liquid fuels still participated at a rate of 25.4 percent or a production of 12,183 GWh. In 1973, liquid fuels accounted for 20,345.4 GWh, a little more than half of all GWh. Gaseous fuels received a serious blow. Last year, their participation was only 9.9 percent or 4,754 GWh. Their high point was 1974, with 34.5 percent and 14,051.8 GWh. The producers of electricity list two reasons for this nearly 40 percent decline (1982 as against 1981): natural gas has become too expensive and there are fewer gas derivatives (such as water gas) available. Last year, steam recovery, hydraulic power stations and pumping plants together were responsible for the remaining 2.7 percent of the electricity production.

Last year, the total production of electricity (gross) in Belgium reached 50,588 GWh. The power stations' own consumption was 2,588 GWh, so that net production amounted to 48,000 GWh. Of this, 44,016 GWh or 91.7 percent were produced by private electric companies, 1,147 GWh or 2.4 percent by public producers and 2,837 GWh or 5.9 percent by industrial self-producers. The private companies produced 1.1 percent more than in 1981, the public enterprises 17.7 percent less and the industrial self-producers 12.8 percent less.

8463

CSO: 3614/47

* Gigawatt/hours = 1 million kilowatt/hours.

ELF, TOTAL SET UNDERWATER OIL DRILLING RECORD NEAR MARSEILLE

Paris LE MATIN in French 23 Dec 82 p 22

[Article by Robert Clarke: "Oil in the Mediterranean: Objective--6,000 Meters"]

[Excerpts] 100 km from Marseille, French oil companies have set a new record with an exploratory well up to 1,714 meters underwater. A first step towards the conquest of deep reserves.

A partnership of French oil companies has just accomplished a world first. An exploratory well in the Mediterranean, 100 km from Marseille was done in 1,714 meters underwater. This well will be continued to approximately 4,000 under sea level. Another one, 1,200 meters underwater, will follow which will attempt to discover the existence of oil up to 6,000 meters under sea level. A new French oil adventure is perhaps beginning in the Mediterranean.

For two years French oil companies had prepared, with reconnaissance work, the two wells, GLP-1 and GLP-2, the first of which has just broken the world record for work under a great depth of water, with 1,714 underwater. The partnership Total-Elf-Aquitaine-Esso-Rep leased a specially equipped American ship, the Discoverer Seven Seas, which has a system that makes it possible for it to remain immobile above a site during drilling operations that last several weeks.[...]

Two wells are underway. The first, done by Total, recently reached bedrock at a record depth of 1,714 meters underwater and will be continued up to 2,000 meters in the coming weeks. The second well, GLP-2, done by Elf-Aquitaine on a neighboring permit, still in the Lion Gulf southwest of Marseille, will penetrate ground at 4,700 meters, 1,250 meters underwater. The drilling ship cannot exceed the total depth--water and bedrock--of 6,000 meters.

That is why French oil companies are asking for the construction of a ship capable of drilling 3,000 meters underwater. A project has already been studied by the consortium of Total-Elf-Aquitaine and the French Petroleum Institute. The technical file has been submitted to the administration.

This drilling is very difficult and requires considerable resources. The diameter of the orifice is 60 centimeters when bedrock is reached and it decreases gradually as the bit penetrates. During the entire drilling, mud has to be injected under high pressure in order to cool the bit. Automatic television cameras and sonars guide the drillers throughout the entire operation.

In order to consolidate the hole drilled in this way, technicians place steel tubes, in 23 meter segments, which fit into each other, finally forming a 600-ton tunnel supported by 1,800 meter long floaters of the same weight that have to be made specially for underwater drilling.

Each well, therefore, is expensive: the total of the two operations currently being carried out will cost at least Fr 400 million, 60 percent of which is being picked up by the government in the context of the Hydrocarbon Support Fund, the rest being supported by the oil companies.

But it seems that there is no choice. The time has passed when oil was found easily less than 100 meters underwater, like in the North Sea or off the coasts of Mexico. Henceforth we will have to look for oil where it costs a lot to extract it, under the polar ice or under a lot of water, like in the Mediterranean. In this context, the minister of Energy, Edmond Herve, did not hesitate to predict the time when hydrocarbons would be 100 times more expensive to extract than today, or Fr 500 to 1,000 a ton.

The risks that these deep offshore operations would present should not be neglected and they worry the protectors of the Mediterranean, which is already endangered by so much pollution. It is obvious that the explosion of a well located 1,800 meters underwater could lead to a catastrophe, especially if it is a large oil bed like those they hope to find in the Mediterranean. Studies have been done on the magnitude of these risks by a task force of the Ministry of Industry. They show that the risk of eruption during an exploration drilling is far from being negligible. It is 96./1,000. Over 400,000 tons of oil have been released towards the coasts during the last incident of this nature at Ixtoc-I. The risk of losing a drilling tube is not negligible either. It is 7.5 percent, which is why the oil companies judged it necessary to order a backup tube that cost them Fr 600 million.

These studies resulted in the development of a safety protocol, based on risk analysis, to minimize the consequences of an accident and to do everything to avoid its occurrence. This is all the more important because the Mediterranean is a fragile sea: "A catastrophe like the rupture of the Ekofisk pipeline would be increased tenfold by the very nature of the sea itself," says Alain Bombard.

9969

CSO: 3519/256

BRIEFS

OIL DELIVERIES DECREASE--Oil deliveries in France during 1982 dropped significantly with the exception of gas-oil, the statistics of the Professional Petroleum Committee (CFDP) indicate. Heavy fuel deliveries were the most affected, with a drop of 17.2 percent compared to 1981. Then followed the reduction in deliveries of domestic fuel (down 9.8 percent) and regular and high-test gasoline (down 0.3 percent). In contrast, gas-oil deliveries increased by 1.3 percent in 1982. [Text] [Paris LES ECHOS in French 18 Jan 83 p 6] 2662

CSO: 3519/273

MOCK ON OeVP'S ECONOMIC PROGRAM

Vienna DIE PRESSE in German 22/23 Jan 83 p 3

[Interview with OeVP chairman Alois Mock by Monica Riedler and Anneliese Rohrer; date and place not specified: "No New Taxes"]

[Question] You are holding out the promise of an investment boom, a balanced budget and a tax cut. How do you expect to pay for all this ?

[Answer] The investment funds will become available by shifting budget priorities in favor of public investments. And even more importantly, in my view, there must be some incentives for investment outside the budget itself—which is to say in the private sector. We have shown that over the next year or 1½ years huge savings can be made by cutting down on unproductive expenditures. We have cited a sum of about 60 billion Schillings in this connection.

[Question] Your party's economic experts have of course figured out how long it will take for these measures to bear fruit, have they not ?

[Answer] I think the major measures will not bear fruit until 2 years from now.

[Question] But during that time unemployment could rise further. How do you expect to provide the funds for such an eventuality ?

[Answer] We will have to try. I do not know what the unemployment insurance situation is like at present; how empty the coffers will be when we take over. I would not dream of promising that the world will have changed completely by 25 April, if we take over the government on the 24th.

[Question] What will you do, if it should turn out that the country's financial situation is even worse than you have assumed thus far ? Would you not have to raise taxes after all in that case ?

[Answer] Our goal is: no further taxes—and that is firm. Taxes amounting to some 42 percent of GNP is too much in this situation, we feel. You cannot cut down on that overnight; but we must put an end to it sometime. It is a false ideology that would have us believe that we can obtain more revenue only by raising taxes.

[Question] In other words, you are guaranteeing that there will be no tax increases whatever.

[Answer] No; I am guaranteeing that taxes will not exceed 42 percent of GNP. That does not mean that a tax reform would leave things totally unchanged. What I am after is that we put an end to the growing overall tax burden.

[Question] But where would the additional funds come from...

[Answer] A list such as the one I submitted in my report on the state of the nation has not been submitted by any opposition party throughout the 35-year existence of the second republic. There were some at any rate who thought it was politically unwise to cut back the federal railroad deficit to the relative figures of 1970 or to get some movement on patient contributions for health insurance.

[Question] But the idea is to tell the voters in concrete terms what is to be done.

[Answer] Our guarantee referred specifically to the fact that there will be no tax on personal savings or on the 13th and 14th monthly salary payments.

[Question] And what is your response to Robert Graf, your economic spokesman, who said that the CeVP, too, would have to raise taxes, if these contemplated measures did not succeed?

[Answer] If one is intellectually flexible, there are alternatives one can come up with. What if the first, the second and the third measure do not bear fruit? It may be legitimate to adopt that point of view in a debate on long-range plans. I will not speculate; I want to give people a clear idea in which direction the train is headed.

[Question] What is the extent to which you took world economic conditions into consideration?

[Answer] We took it into consideration in the sense that I am very careful about what I say about a lot of things. I will need one or one-and-a-half legislative sessions to achieve three or four of my major goals.

[Question] But you are basing your projections on a mild economic boom?

[Answer] Yes. If we, as a small country, pursue the proper structural policies and stay competitive, we will be in a relatively better position than a large country even if the world economy does not improve.

[Question] In other words, you are hoping to be spared the fate of President Reagan who took office calling for tax cuts and then had to ask for the biggest tax increase ever.

[Answer] Well, there have always been disappointments in political life. I am not presumptuous enough to compare myself to Reagan and we here in Austria are faced with an entirely different situation anyway. It is not as if things have fallen apart completely over the past few years. We have a social partnership situation that works after a fashion; our employment picture is better, and we have a highly qualified labor force. It is the motivations that are crumbling. Those are all areas that need to be addressed, where new policies need to be implemented.

[Question] But what if the situation worsens despite all the things you are now assuming ?

[Answer] Well, then I will get tougher about implementing the measures I mentioned. Perhaps I will have to implement the railroad reform within one legislative session and not within 6 years. Perhaps I will have to get tougher on the health insurance issue or on making cuts in the public service sector. That is quite conceivable. We are already faced with the question of whether there is a gentle way to get things back on track. Some people say that the time is already past and others who say we still have 1 or 2 years left.

[Question] Let us get back to concrete things. You are speaking about the introduction of taxpayer contributions to health insurance. Does that refer to hospital costs and doctors' fees ?

[Answer] This is an issue the politicians have always tended to avoid. What the amounts are to be, where and when payments are to be made—my experts will have to submit alternative proposals to me on that. My job is to indicate the direction in which our policies will go. I must tell the Austrian people: there are certain things I can spare you and things I can most certainly avoid. But I must also say: in this particular instance you will have to figure on a new policy where I may be calling on you to make your contribution.

[Question] What kind of contributions ?

[Answer] For one thing, we are talking about an industrial management approach to wage agreements...

[Question] Does that mean cutting down on social insurance ?

[Answer] No. It means that I will be calling on the average citizen to make a larger contribution but will be able to maintain the welfare scales for the underprivileged at the same time. I am also saying that across-the-board, indiscriminate welfare payments are out and that helping people to help themselves is in. But I will certainly have my eye on the truly needy and on what I can do for them.

[Question] Will you be tying social services to income levels ?

[Answer] That is another of these political axioms—that rendering social services should be tied more strictly to income. It applies to free school books but to new services as well. I would oppose those from the very start.

[Question] Where would you draw the line in terms of income ?

[Answer] That will depend on how much money I need. After all, I am looking for 60 to 80 billion Schillings worth of cuts.

[Question] Would you exclude a special tax on high earners such as the CDU is collecting ?

[Answer] At this stage, you can ask me a lot of things about what I might exclude. What I would exclude is an OeVP government or an OeVP participation in a government that taxes personal savings, Christmas bonuses or paid vacations.

[Question] In other words, you would not rule out a special tax ?

[Answer] No one in our camp has concerned himself with this question. As for me, I think we should rather be trying to motivate the high earners.

9478

C30: 3620/202

GATTAZ SPEAKS ON INNOVATION, MARKETING STRATEGIES

Paris LE MATIN in French 15 Dec 82 p 7

[Interview with Yvon Gattaz, president of the CNPF [National Council of French Employers], by Jean-Gabriel Fredet and Denis Pingaud; date and place not specified]

[Text] "Our industry leaders are a little like skippers, excellent in a high wind, they lose part of their talent when the weather gets bad and the sails have to be trimmed." Blue ribbon performers in an expansionary period, do French employers become mediocre in a recessionary context? That is the theory expressed to LE MATIN by Yvon Gattaz, president of the CNPF. It is a perfectly plausible hypothesis: guided by the compass of growth, our industry leaders navigate with much more difficulty by a foghorn.

The reasons for this poor visibility? For the boss of the bosses, it is a matter of both of the international crisis and of an atmosphere that is not very propitious for the development of the imagination and of risk-taking.

[Question] We often hear that French employers do not look good in a recession. What do you think of that?

[Answer] It is true that, while we were very efficient for 30 years at managing expansion, we are not industrial leaders who are trained and prepared for the recession. We made France a great industrial power, the fourth largest exporter in the world. In short, we were excellent high wind skippers. The problem today is that the sails have to be trimmed during the storm. We have to slow down and the mentality of the skippers must, therefore, change.

[Question] However, even in a period of growth, industrial France missed the boat on the consumer electronics boom, for example.

[Answer] This example is always cited. It is unquestionable that we missed the consumer electronics slot, in part. But, on the other hand, we are among the best for professional electronics. That is a division of labor that has

its sources in the post-war period. It is also forgotten that the French economy is well situated in aeronautics, transportation, nuclear, space, weapons systems, etc. Therefore, we should not fall into systematic masochism. We have dynamic employers, competent management and quality employees. We do not lack trump cards for the future.

[Question] Yes, but, in the immediate future, French employers seem to be disarmed, at the very least, compared to their foreign competitors.

[Answer] That is true. We were more comfortable when we had good visibility at sea and were guided by the compass of expansion. At present, the whole world is in the fog, from an economic standpoint. Unfortunately, French economic policy makes this fog even thicker over France. No one knows very well what is going to happen. That slows up or paralyzes the making of certain decisions.

Take the example of investment. It is based on a company leader's view of the middle term. Now, with the lack of visibility, we have to navigate by fog horn. That is forgotten too often when France is reproached for the lack of new equipment. Yet we would be criticized for going ahead too fast into the unknown, heads down. I add that, contrary to the widespread idea, while the company leaders are not investing enough for a necessary modernization of our economy, they are investing too much in view of their financial means. Companies are indebting themselves dangerously. Now they have financing expenses higher than their capacities for self-financing. Fr 135 billion in 1981 compared to 115 billion. That is an extremely serious situation. That is the justification of our warning on companies in peril.

[Question] But how do you explain the specific difficulties of French employers who are experiencing the same crisis atmosphere as their German, American or Japanese colleagues?

[Answer] Today there is a loss of French competitiveness on the world markets that troubles me as it does all company leaders. Two reasons explain it, in my view. First, France wanted to relaunch its economy at any cost during a period of international recession. But worldwide recovery did not keep its rendezvous. The policy of massive expenditures decided on by the government--often in a spirit of social generosity--crushed companies. For our part, we consider that the government made companies withstand an increase of Fr 100 billion in [social] costs in the middle of the year! In the Latin sense of the term, those are real impedimenta that keep us from going ahead and battling it out as equals on the world market. Having said that, what specifically can French employers be reproached for? Unquestionably, we are imaginative, innovative--let us not forget that French technology is admired in all nations--but perhaps not sufficiently sales-oriented. That is probably our Achilles heel compared to our principal competitors.

[Question] Why, in your opinion?

[Answer] We can look for historical explanations. Our agricultural and sedentary origins. We can also blame the education system. It has always

been considered good, for example, to neglect foreign languages in school. It is rare to find a HEC [Business Graduate School] student who prefers sales to finance. We are very strong in invention and innovation, less strong in mass production and marketing. The Japanese have exactly the opposite qualities! Therefore, we have to make a particular effort to promote the marketing function. The CNPF is concentrating on that.

[Question] So there is really a specifically French Achilles heel?

[Answer] Be careful! No masochism! There are a lot of French companies that export very well! But the problem is that there are not enough of them.

[Question] Is not there a hindrance to competitiveness because of the administrative labyrinth required to create a firm?

[Answer] That is true. That is one of the battles I have been fighting for years, because I am convinced that increasing the number of jobs is via increasing the number of employers. New jobs will not be created in the future by large groups but by small and even very small businesses. Relaunching the creation of companies is, therefore, particularly vital in the struggle against unemployment.

Now, in the current fog, an intelligent and enterprising person hesitates to launch himself into the adventure. More serious: the prevailing state of mind can discourage the creation of businesses. We cannot wish to encourage the creation of businesses and, simultaneously, denigrate enterprising individuals and penalize success!

[Question] But do we really have unemployed reserves of industrial creativity in France?

[Answer] I am convinced that the reserves of innovation are considerable in France. But they are still poorly exploited. We have built the best plane, the best ship, and the best train in the world, but the Japanese and the Americans have been able to exploit them for mass production. We have elitist reflexes. That is why we have to maintain pressure for fair competition--the wager of opening up the borders. Protectionism would break the spring of our dynamism.

[Question] Do you think that there is in France a generation capable of taking up the technological challenges of the next decade?

[Answer] Absolutely. There is young blood out there. We are optimistic for the middle term, worried for the present. Because too many [social] costs, too many limitations, and too many obstacles block the road for companies. We have to create a favorable accepting climate. In France, the boss who succeeds is, still too often, considered as someone who takes advantage of others, the one who fails as incapable. In the United States, when a university professor launches his own company, they tip their hats to him!

Let us be serious. The technological potential of France is comparable, proportionally, to that of the United States. I would even say that the French employer seems to me to be more innovative and cleverer than his American colleague. Our weakness is our problems with transforming tests of innovation to points on the world market.

9969

CS0: 3519/256

NATIONALIZED FIRMS LOSE FR 25 BILLION; 1983 FORECAST MADE

Paris LES ECHOS in French 11 Jan 83 pp 2-3

[Article by Jacques Jublin: "The Accumulated Deficit of the Nationalized Industrial Groups Should Approximate 25 Billion Francs in 2 Years"]

[Text] There is a heavy, very heavy bill for nationalized industrial groups. The firms "protected" by the government are out of breath and have balance sheets which would perplex more than one banker. "The 1983 accounts will all be as negative as in the preceding year," Jean-Pierre Chevenement was obliged to concede yesterday to the press.

Translated into billions, this means that some 12 billion francs in losses [for 1982] are to be added to the 12.55 billion shortfall in 1981. This totals some 25 billion francs aggregated over 2 years. The nationalized firms have a heavy tread. They are far from becoming international champions, able to perform under all economic conditions. This is because of the legacy of previous management, the minister for research and industry likes to stress. "But I am sure of ultimate success: 1984 will be a grand year and will see the concretization of our policy under the symbol of efficiency and profitability."

It is better to be optimistic at the threshold of 1983, at a time when government officials face a division as to whether France should or should not play its high growth card by promoting or not promoting demand following measures to encourage industrial investment. For the horizon is a bit murky everywhere, whether in the United States where the economic upswing is especially uncertain, or in Germany where economic experts contradict each other.

At any rate, economic improvement will not occur before the second half of 1982. That is certain.

"Unquestionably," Jean-Pierre Chevenement asserts, "the situation at the start was very unfavorable. The economic situation is bad. Underinvestment has been obvious since 1974 among the nationalized groups although six of them were nationalized only in February 1982. Also, one should not forget undercapitalization and [high] interest rates which have vitiated the enterprises' balance sheets."

Rigor is all the more necessary. State capitalism would like to make a serious and realistic effort to clarify the situation of the nationalized enterprises. This is a matter of public responsibility, but also of shareholder responsibility. And it is a way to render account to the citizenry, since to receive 20 billion francs from the government's own funds in 1983 on top of 14.9 billion in 1982 and 1.5 billion in 1981 creates duties before the nation.

Jean-Pierre Chevenement also uses a magnifying glass. An observatory of the industrial public sector has been established. Eleven groups have already been scrutinized (see the table below): Elf Aquitaine will soon join them, while the Ministry of Transportation and the Ministry of Defense will examine MATRA [General Mechanical Aeronautics Company, Propulsion Section] and the Marcel Dassault Aircraft Company in the same way.

This is hardly a promising health report. On the contrary, it is symptomatic to find that groups such as Renault, CII-HB [International Data Processing Company-Honeywell Bull], Thomason, and PUK [Pechiney-Ugine-Kuhlmann Company] are reporting more negative closing balances in 1982 than in 1981. Naturally, it is gratifying to notice on the minister's report an increase in sales by the CGE [French General Electric Company], Rhone-Poulenc, Renault, and Thomson. Also, a rise in exports, still at Renault, CGE, and Saint Gobain. Still, it is necessary to pair these accomplishments with profitability.

Alain Gomez (Thomson), Georges Besse (PUK), Georges Pebereau (CGE), Loil Le Floche (Rhone-Poulenc), and Jacques Stern (CII-HB) are striving with determination for that goal. And the government would like all their competitors to have the same aggressiveness. The "game contracts" now being negotiated should reward the most ambitious, the most zealous. At the end of January 1983 the government will have determined industrial, technological, or commercial strategy for 5 years with the chief executive officers of the nationalized firms and will have decided whether it is ready to earmark 50 billion francs for the financing of its "wards" for 1983, 1984, and 1985.

The nationalized firms will each have their share, their identity, and their doctrine. Their hour of truth will appear in unvarnished form in 1985 when the government will draw up their aggregate accounts and consider the renewal of their present chief executives' mandates. Six sets of records will by then have been added to those in effect today, complemented by financial balances without gimmicks.

Jean-Pierre Chevenement does not doubt for an instant: "Success is at the end of the nationalization road." The chief executive officers who have a little over 2½ years to prove it have one of the most onerous tasks witnessed by French industry for a long time: To be the vanguard and key of French rehabilitation, with the total support of the government. For Jean-Pierre Chevenement asserts: "If we had not undertaken the nationalizations we would have become a second-ranking industrial nation."

(a)

UN TABLEAU DE BORD MOROSE

EN MILLIONS DE FRANCS — EN UNITES (effectifs)

	ANNEE 1981 (b)					PREMIER SEMESTRE 1982 (c)					
	C. A. consolidés (d)	MBA (2) (e)	Résultat net (3) (f)	Effectifs (g)		Investiss. Industriels (h)	Exportations (i)	C. A. (i)	MBA (2)	Résultat net	Exportations
				Mondiaux (1)	France (2)						
Rhône-Poulenc.....	35.928	1.110	— 286	89.359	56.195	2.435	11.164	20.841	1.028	+ 345	5.172 (c)
PUK.....	40.985	296	— 2.508 (4)	81.270 (6)	61.760 (6)	1.756	13.708	20.882	— 575	— 1.555	nd
Saint-Gobain (1).....	43.494	3.280	+ 577	135.560	63.230	2.511	6.910	24.430	1.187	+ 112 (8)	4.033 (c)
COE.....	52.424	3.257	+ 588	172.500	142.500	1.804	14.460	25.860	nd	nd	6.800
Thomson.....	43.857	1.203	— 168	128.000	107.700	1.950	14.988	22.770	218 (11)	— 119 (11)	nd
CH-IB.....	7.347	249	— 449	21.200	16.140	1.451 (7)	1.942	3.444	— 51	— 501	736
EMC.....	8.524	127	— 120 (12)	12.310	8.920	422	1.618	4.551	76 (7)	— 69 (7)	848
CdF-Chimie.....	11.833	— 628	— 1.213	12.335	11.930	271	4.400 (*)	6.493	— 331	— 565	2.350
Unior.....	24.705	— 2.306	— 4.241	54.410	54.200	1.118	10.146 (c)	14.788	— 480 (11)	— 1.283 (11)	nd
Secteur.....	17.502	— 2.088	— 2.897	38.550	38.300	911	6.466 (13)	13.100 (*)	— 607 (11)	— 986 (11)	3.233 (13)
Renault.....	87.579	1.632	— 675	215.845	166.035	6.821 (8)	26.075	50.394	920 (*)	— 900/1.000	15.547

1. Excluding data processing
2. Gross self-financing profit (loss)
3. Including the share of minority stockholders
4. Including the effect of sales of special steels
5. Excluding depreciation reserves for CdF-Chimie [French Coal Company--Chemicals Division] stock
6. Excluding steel
7. Including purchases of rental equipment
8. Excluding industrial investments of financial affiliates (413 million francs)
9. Including losses of the chemicals division
10. Excluding exceptional items (principally sales revenue from data processing)
11. For the parent company only
12. Gross operational profit (loss) and net profit (loss)
13. Consolidated exports from iron and steel-related operations only
- (*) Large-scale orders
- (c). Consolidated exports (excluding sales to foreign affiliates).

KEY: (a) A gloomy survey (in millions of francs or units or number of personnel)
 (b) Year 1981
 (c) First half of 1982
 (d) Consolidated turnover
 (e) Cash flow

- (f) Net profit (loss)
- (g) Number of employees (1) in the world; (2) in France
- (h) Industrial investments
- (i) Exports
- (j) Turnover

2622

CS0: 3519/263

BRIEFS

STOCK MARKET REFORM--As a preliminary measure expected in connection with prospective legislation on the creation of the second stock exchange, the decision of the Stock Market Operations Committee [COB] which has specified some of this stock exchange's methods of operations has just been published in the "Official Gazette." This second stock exchange, which forms part of the general savings reform plan, should enable intermediate-sized enterprises, through the generalization of their activities, to call on private savings and thus boost their own capital. This is a role which the special division of the stock market established in 1977 was unable to fulfill because of the constraints that it engendered, and the division will come to an end with the new law. As for the COB, following a 3-year period and upon the recommendation of the Stockbrokers Trade Association, it will be able to decide either to keep the listing of company stocks on the second stock exchange or to have them deleted or, if the company so requests and if it meets the required conditions, to include its listing in the official quotations. Delisting may correspondingly be decided at any time if the company does not fulfill its obligations. [Excerpts] [Paris L'USINE NOUVELLE in French No 2, 13 Jan 83 p 26] 2662

CSO: 3519/263

INTEGRATION OF BANCO URQUIJO WITH HISPANO-AMERICAN GROUP

Madrid EL PAIS in Spanish 30 Jan 83 p 49

[Text] Madrid--The integration of the Banco Urquijo with the Banco Hispano-Americano could represent the first step in a more extensive process of mergers among large and medium-sized national deposit entities, which will foreseeably take place between this year and 1984. Although the exact terms of the operation have not yet been set, financial circles are bandying about the possibility that it might materialize through a public bid for purchase of stock shares (OPA) from Urquijo on the part of Hispano.

The intention of integrating Urquijo with Hispano was reported last Wednesday to the deputy governor of the Banco de Espana, Mariano Rubio, by Jaime Carvajal y Urquijo, president of the former, and by Alejandro Albert, delegate board member of Hispano, in the absence of its president, Luis Usera, due to illness. In expert circles, the operation is considered the logical conclusion of a close relationship that has lasted for nearly 40 years. On 7 July 1944, on an estate near Madrid known as "Las Jarillas," an historic pact was signed which would represent a milestone in the short history of Spanish private banking. The Marques de Aledo and the Marques de Urquijo, on behalf of Hispano-Americano and Urquijo, respectively, signed a document wherein the principle of banking specialization in our country was established. Starting at that time, Hispano would engage preferably in commercial banking, while Urquijo would conduct its activity in the areas of industrial and business banking.

'Status' Maintained

The situation established at that time has been maintained, along general lines, until a very few years ago; although it is true that it became especially marked on some occasions, as in the case of the publication of the Decree on Banking Specialization of 1963, wherein the differentiation stipulated on the private level acquired particular force by law. Nevertheless, during the 1970's, the boundaries between commercial banking and industrial banking became blurred, with both entities embarking on a certain amount of competition. In any event, there has always been a close interrelationship between the two banks, both in capital participation

(Hispano acknowledges direct ownership of 12.3 percent of the Urquijo shares of stock), and between the boards of administration, wherein there are 10 mutual board members. For this reason the Banco de Espana (which has been applying far more stringent criteria in the work of inspecting the private banks since last summer, as a result of the international financial problems and the crisis of the Banca Catalana, and of several others) addressed itself to the Banco Hispano when it began to notice that the Urquijo might have problems increasing its supply of funds for security if it maintained the payment of its dividends.

The status of the Banco Urquijo has been described by some financial experts as "an example of insufficient income return for the sizable volume of investments that it has made." Sources close to the Banco de Espana have been particularly emphatic in stating that the situation of the first Spanish industrial bank is not at all associated with the previous crises that other deposit entities have undergone. The monetary authorities have suggested the need for an operation of the type of the one now under way, before the international reputation of Urquijo, unquestionably the Spanish financial entity with the best image beyond our borders, and among those which have given the greatest backing to the industrialization process, could possibly find itself pressed by the need to adopt some rather disagreeable measure, such as the reduction or elimination of its dividends during this fiscal year might be.

The Banco de Espana inspection teams, the maximum responsibility for which is borne by Aristobulo de Juan, have been working with the Urquijo balance sheets since June, in an inspection described as "regular," which ended in December.

The Hispano began to study Urquijo's real status on 1 December, with the same team that had previously evaluated the Bankunion accounts. Two months later, some of its officials said that they had a rather accurate notion of the status of that entity, and considered the action of the Banco de Espana essential, both to authorize the operation and to facilitate the supplementary backup measures that would make it possible to bring the operation to a successful conclusion. Yesterday, these same sources declared that Urquijo's future was assured by the method whereby Hispano is guaranteeing its control. The brand image will not disappear. The deputy governor of the Banco de Espana, Mariano Rubio, told this newspaper that "the talks between the two entities" appeared "very good" to him; but that the bank of issue had nothing to add at the moment, "so as not to interfere." Yesterday morning, the minister of economy and finance, Miguel Boyer, was briefed in depth on the status of the negotiations.

The Reasons for the Difficulties

The Banco Urquijo, with its traditional industrial bent, has been hurt, particularly during the second half of 1982, by the combined effect of the international crisis and the results of the Spanish legal regulations, which have proved to be surprisingly lacking in comprehension toward the entities that were maintaining a high risk in the industrial sectors in a state of crisis. A high-ranking official of a foreign bank in Spain, with experience in operations similar to the one now being attempted by Hispano and Urquijo, abroad, declared: "The negative effects among the business firms have immediate repercussions on an industrial bank, whereas the positive effects are barely reflected; because it is impossible to adjust

the good assets to the rising market, unless it is to sell them." The recent increase by a point in the cash index that must be maintained by the deposit entities in the Banco de Espana represents an additional charge for the Urquijo's profit and loss account. Nevertheless, and despite what has been claimed in some circles, this entity has always kept its indexes correctly covered, according to assurances given by reliable bank sources.

In the 40 years that have elapsed since the signing of the "Las Jarillas pact," this is not the first time that the entities in question, for different reasons, have attempted to merge; although the possibilities of its being thwarted on this occasion appear remote.

2909

CSO: 3548/123

SALARY SCALE SET ; CPI SAFETY VALVE OUTLINED

Madrid EL PAIS in Spanish 30 Jan 83 pp 1, 49

[Article by Rodolfo Serrano]

[Text] Madrid--According to sources included among the very negotiators of the interconfederal agreement, CEOE [Spanish Confederation of Business Organizations], CEPYME [Spanish Confederation of Small and Medium Businesses], CCOO [Workers Commissions] and U/T [General Union of Workers], the salary scale for 1983 will be set at between 9.5 and 12.5 percent. The same sources acknowledged, shortly before 2200 hours, that a revision clause has been outlined in the event that the consumer price index (CPI) exceeds 9 percent as of 30 September. Hence, the 14 percent ceiling which the business owners have upheld to date, in which no revision would be made, has gone out of existence.

When this edition was closed, the entire matter hinged on the final changes that might take place in difficult negotiations, with slight maneuvering room, the participants in which were ready not to adjourn until the early hours of this morning. The agreements have undergone constant setbacks, and the conspiracy of silence that the members of the commission appear to have adopted makes it difficult to learn the extent to which the various leaks may be based on self-interest.

The meeting, resumed yesterday afternoon after a long, tedious session which lasted 14 hours, extending through Friday night and early Saturday morning, used the same work methods: restricted commissions comprised of two members from each delegation, who conveyed the progress which was occurring to the commission as a whole.

This work method, combined with a flawed clarity of information, has been giving rise to much speculation, adjustments and readjustments, advances and setbacks, lending the sessions a high degree of confusion.

Nevertheless, all the reports indicate that agreements have been reached on the salary scale, revision clause and work day. The representatives on both sides prefer to state that what has been reached thus far is a demarcation of positions, trying to avoid the term "agreement." In any event, it seems clear that the salary scale has been definitely set at between 9.5 and 12.5 percent. It has also been outlined (a term used with increasing frequency by the negotiators) that a salary revision will take place if the CPI exceeds 9 percent by 30 September, without any ceilings established for it. This means that the CEOE and CEPYME management entities have given up the 14 percent that they have been upholding thus far as a maximum ceiling.

Insofar as the work day is concerned, the various sources agree on the consideration of 1,827 hours as an annual count. In any case, the memorandum of agreement will henceforth unblock the negotiation of contracts, and the annual count of 1,827 hours of work will be subjected to periodic checks, so that it will in no instance exceed the 40-hour week. The topic of the snack also appears to have been definitively omitted from these sessions. The negotiation of it will be applied to each contract.

From the impressions gleaned at the final hours of the night, not all the representatives are willing to accept as such what, after all, did take place starting at 2000 hours last night: a principle of agreement. The waiver of certain points regarded by the two groups of representatives as essential up until a very few hours earlier has been evoking as an effect fear of the reaction from their respective rank and file, and leadership organs. They all want to make it quite clear that they will be the ones to have the last word.

6.3 Million Payroll

An agreement such as the one being negotiated, with such narrow margins and meager or non-existent give and take on both sides, has demanded a superhuman effort, gracefully arrived at by the spokesmen. And that is readily salable, and can be accepted, according to the views circulating about the negotiating table.

In principle, the scale arrived at will affect the 6,330,363 Spanish workers currently subject to collective bargaining, according to the data provided yesterday by EFE.

Members of the business-owning portion of the negotiating commission stressed that each point of increase on the salary scale entails a cost of nearly 100 billion pesetas for the companies. But it will not be the entire cost, if one accepts the theory of the three bills which management has maintained in recent weeks: salaries, with their likely deviation upward, owing to items such as seniority and other improvements; cut in the work week to 40 hours; and contributions to Social Security.

The principle of agreement arrived at on the key issues in the negotiations took place at 2200 hours, awaiting the writing of the memorandum on reduction of the work day to 1,827 hours as an annual count.

Nevertheless, sources in both management and the trade unions agreed in stating that, after the writing of the principle of agreement, which must be ratified by the executive organs on both sides, during the next few days there should not be any great difficulty in dealing with the remaining areas of the interconfederal agreement for 1983.

2909

CS0: 3548/123

PROSPECT OF PRIVATE BANK NATIONALIZATION

Madrid EL ALCAZAR in Spanish 16 Dec 82 p 3

[Editorial by Higinio Paris Eguilaz]

[Text] In the process of nationalizing private banking in Spain--process, as we know, means road--many of those voting in the last elections on 28 October did not see that the way of nationalization in the not-distant future was included, albeit in concealed form, in the electoral program of the Socialist Party, the triumphant party, through the state's right to examine banks in the form established by the Deposit Insurance Fund Law, that is, the law on banks in crisis, in granting that right to the state. Several times in several articles I have opposed that law, unsuccessfully proposing its reform, because that law and all of those defending it are companions of the way of socialism. To be sure, to date no bank has been nationalized through this means but that law makes it possible and the PSOE was in favor of it in its last election program. If it has as yet not been carried out, it is because the bank crises have occurred only in those banks that have been very badly managed, whereas the better banks have, although with much difficulty, been able to assure normal operations. But since that normalcy is intolerable for a socialist government, it seems that many feel that one must put an end to it as soon as possible, strangling it, reducing its benefits, so that all banks join the Deposit Insurance Fund, popularly known as the bank hospital or UVI. It does not matter if they be Spanish or foreign banks and it is through the change in the reserve rate that it is hoped to reach the goal of nationalization within a short time. Therefore, I consider it necessary to inform Spanish public opinion of such a vital point.

The news media have concentrated on the devaluation of the peseta and although I have insufficient data to form an opinion, perhaps it can be justified if the fall in the peseta was curbed by the dismal previous Centrist government for political reasons, always under the condition that it be allowed to fluctuate within a range, so that it may also rise in accordance with market indications, and that other complementary measures be adopted. However, it would always be reflected in a domestic price rise and a fall in the exchange rate, whose evaluation requires a certain amount of time. But the simultaneous increase in the reserve rate for banks, adopted last 4 December, cannot be justified in any way and in the current critical economic circumstances, it is the first measure adopted directly against the banks, a point to which I refer below.

The existing Banking Regulation Law established several important rates that reflect the relationship between the size of bank deposits and certain specific ends. For example, there is the reserve rate, the investment rate and the guaranty rate, all of them mandatory. But there is an essential difference between that of reserves and the others, the difference being that the reserve rate, which must be established in the Bank of Spain, returns no interest and the others do. Thus, in reducing the banks' base for granting credit by increasing that rate, one is imposing on them a loss of profits. IN recent years, that reserve rate was invariable--5.75 percent from 1979 through 1982 and somewhat lower in the 2 proceeding years: 5.18 percent in 1978 and 5.53 percent in 1977. But on 4 December, it was raised one point to 6.75 percent, which in a single stroke cut bank profits by some 13 billion pesetas. And if one adds to that the very high number of bad loans, many banks will have to enter the Deposit Insurance Fund, that is, the bank hospital. One by one, they may be nationalized. The banks are not being nationalized suddenly and directly but this could occur individually and, therefore, that subterfuge could be used to allege that the bank is unable to fulfill its public function that they made impossible.

But the fact is, in addition, that if at a time of crisis such as now, the credit base is reduced, then one will be promoting a tendency for higher interest rates. That is completely contradictory, with lower rates being indicated. Or, what amounts to the same thing, the enterprises will be in worse difficulties and logically that will favor an increase in unemployment, something that every effort is being made to hide in the statistics through early retirement, an increase in the school age, etc.

One must also consider the anticonstitutional aspect of the indicated measure. Article 33 of the constitution says, in point 3:

"No one may be deprived of property and rights, except for just cause in the public or social interest and with appropriate indemnification and in conformity with the provisions of the laws."

There is no doubt at all that to require the banks to maintain a reserve percentage in the Bank of Spain, without interest, reducing the credit base, is to impose a confiscatory measure against a right, the right to receive interest, which the Bank of Spain itself receives from its own loans. Is it admissible for it to collect interest from what it receives free?

For monetary policy reasons, that is, to increase or decrease the credit base, one can accept a rise or fall in the reserve rate, but the market rate of interest must always be paid, as is done with the other rates, to harmonize monetary goals with constitutional requirements and to keep socialist nationalization goals from being carried out.

9746

CSO: 3548/98

BANK OF SPAIN DEBT, CENTRAL BANK CASH FLOW

Madrid YA in Spanish 14 Jan 83 p 24

[Text] The Treasury Department's indebtedness at the Bank of Spain improved in November compared with October, leveling off at a total of 1,832,720,000,000 pesetas (of which amount 591.578 billion represented a shortage in the current account) compared with 1,967,906,000,000 pesetas (705.401 billion in the current account); this means that the Treasury Department's indebtedness was reduced by 135.186 billion pesetas in the last month for which entries were made, according to the institution's latest provisional balance sheet.

During the first 11 months of the year, the Treasury Department's indebtedness at the Bank of Spain increased by 606.753 billion pesetas, since, on 31 December, it amounted to 1,225,967,000,000 pesetas (with a shortage in the current account of 468.067 billion) compared with the above-mentioned 1,832,720,000,000 in November.

With regard to the 1981-1982 period, there was an increase of 586,691 billion pesetas. In this connection, it should be pointed out that, beginning in 1981, credits granted by the Bank of Spain to the Treasury Department have been successively consolidated in the manner prescribed by Article 21 of the law nationalizing the Bank of Spain, without expiration date and without earned interest.

With respect to the credits granted in 1982, it must be said that they were also consolidated. According to financial sources, this figure will not be less than 500 billion pesetas, so that the loans consolidated in the last three fiscal periods will be about 1.6 trillion pesetas; due to their nature, these credits do not have any expiration date or earned interest, as we have already said.

Banks Want To Devote More Than 50 Percent of Their Profits to Dividends

The managers of Spain's principal private banks confide that the Bank of Spain is not very strict in seeing that the current regulation on reserves and dividends is carried out, according to reliable financial sources. The same sources have pointed out that the private banks are definitely awaiting tacit

permission from the monetary authority to allocate more than 50 percent of their net profits to dividends in order to assure their shareholders sums which are proportional to those of the previous year.

According to those sources, the current regulation on the payment of dividends is contained basically in two texts: one, the 1981 Liberalization Decree, which, for this year, permits the payment of dividends equal to 10 percent of the bank's own funds; the other text is the Bank of Spain's circular, commonly called "superpastoral," in which, in addition to establishing criteria for provisions on delinquent accounts, it is specified that the amount to be allocated for dividends can be about 60 percent of the net profits.

Alfonso Escamez: "Economic and Social Forces Firmly Determined to Support Government"

Alfonso Escamez, president of the Central Bank, in Paris to offer that organization's shares in the French capital, gave his assurance that all of Spain's economic and social forces are firmly determined to support the new government in its task of overcoming the economic crisis.

Sources from the Central Bank indicated that the president of the National Bank of Paris, present at the ceremony, openly expressed his confidence in Spain's economic development and advised those in attendance to invest in Spanish shares. Throughout the meeting, attended by more than 500 people from various financial circles, it was made clear that expectations in France are high, while awaiting the economic plans which the Felipe Gonzalez government is introducing in the new general state budgets.

Central Bank to Pay 6.7 Billion Pesetas in Dividends

The Central Bank will pay some 6.7 billion pesetas in dividends in the 1982 fiscal year, or about 7 percent of its own funds which, at the end of this past year, amounted to 100 billion pesetas, according to information given to EUROPA PRESS by sources of that bank.

According to these sources, the bank's gross operational results (cash flow) rose to 37.5 billion pesetas in 1982; 22.3 billion of this amount will be allocated to indemnifications. The Central Bank's gross profit will thus come to 15.2 billion pesetas.

According to the same source, 5.5 billion pesetas of the gross profit will be used to increase the reserves, 3 billion as provision for taxes and 6.7 billion for dividends.

In 1981, the Central Bank had a cash flow of 28 billion of which almost 21 billion was allocated to indemnifications. The gross profit came to 13.7 billion (the remaining profits came to almost 7 billion pesetas).

Atlantic Bank's Profits: 4 Billion

The Atlantic Bank's gross profits for the 1982 fiscal period were about 4 billion pesetas. As of 31 December, the bank's total foreign currency was

190 billion pesetas compared with the 127 billion available on the same date in 1981.

According to the same sources, once taxes are deducted, the Atlantic Bank's net profit for the 1982 fiscal period will be 2.8 billion pesetas of which 50 percent will be used for dividends; this will amount to somewhere between 7 and 8 percent of the bank's own funds.

8568

CSO: 3548/115

SOCIAL PRESSURES IN ASTURIAS AGGRAVATED BY GIJON CRISIS

Madrid EL PAIS in Spanish 30 Jan 83 p 50

[Article by Ignacio Alonso]

[Excerpt] Madrid--The general strike called last weekend in Gijon by all the trade union federations and abetted on a mass scale by the population served to provide an outlet for social tension that has been latent for some time in this industrial town; reopening among the Asturian social representatives a new period of reflection upon the region's economic future, and demonstrating from Pajares downward the raw reality of a country which is starting to become weighed down by uncertainty about the future.

Last Tuesday, the trade union federations hastened to remove a political aspect from the strike convocation.

Workers Commissions made it clear that the action was not a push aimed at the government which has been ensconced in power for only 8 weeks, but rather a "public demonstration to demand of the government solutions to the industrial chaos in Gijon."

The General Union of Workers, which was forced to participate in the convocation "against the industrial dismantling of Gijon," emphasized that its presence did not represent an attack on the change nor, of course, on democracy: "It was not our intention to harass the government."

A Step Toward Mobilizing

According to the Trade Union Movement of the Left, a union which split off from Workers Commissions, the strike was another step in the process of the region's social mobilization. "The situation demanded it, and now we shall work on the general strike in Asturias." The Asturian business owners' entity, FADE, is also of the opinion that the strike in Gijon might be only "a general rehearsal, nevertheless."

Behind the strike which, after all, may be considered a mere reference point for the future, there lurks a complicated social and economic situation. It was executed in Gijon because critical circumstances have occurred in that town, turning it into a center of priority attention; but the root of the problems extends throughout the entire region.

Gijon Bay

Gijon, an Asturian town which took in thousands of workers during the past 20 years, and a center wherein industry even became diversified, currently has 21,000 unemployed, representing over 20 percent of the active population, and 9,000 youths who are seeking their first jobs.

Last year, 184 business firms in Asturias shut down, action regulating employment was taken, affecting 27,696 workers and early retirement was imposed on an additional 3,200.

These figures afford an idea of the tension that is being felt in the area, and serve to explain the advent of a strong trend of crime and instances of public begging. Gijon is by no means devoid of this.

The origin of the crisis in Gijon must be sought in the difficulties being experienced by the metal sector throughout the entire State. Most of the closed business firms were of the small and medium type, shops which were fed by the work trickling down from the iron and steel companies and the shipyards in the bay, whose backlog of orders is virtually nil at present.

The shrinking of the demand on the sector's market fostered the consecutive collapse of those types of firms, the majority of which lacked production structures suited for coping with an intense, lengthy, industrial crisis.

The preferred focal point of trade union attention in Gijon is the bay, where there are concentrated four shipyards whose future is in jeopardy if they preclude the possibility of combining into a single one. For the past 2 years, work has been under way, based on the notion of forming a holding company with Maritima de El Musel, Duro-Felguera, Cantabrico y Riera and Constructora Gijonesa, the latter being an entity with public capital. The negotiations are at a standstill, because of differences, which are currently unresolvable, between the business owners and the National Institute of Industry (INI).

2909

CSO: 3548/123

SWEDEN LOOKS FOR MORE EXPORT OPPORTUNITY IN USSR AFTER PACT

Stockholm DAGENS NYHETER in Swedish 4 Feb 83 p 9

[Article by Kerstin Käll]

[Text] Sweden's importation of Soviet oil increased so much last year that we now have a trade deficit with the Soviet Union of over 2 billion kronor. This imbalance may become the basis for increased exports to the Soviet Union this year--or so at least the export firms hope.

In connection with the annual technical and scientific negotiations of the Swedish-Soviet government commission, Sweden is now gambling on selling projects in the energy field and in the agriculture and foodstuffs sector to the Soviet Union.

On 13 February Thage G. Peterson, minister of industry, goes to Moscow to meet his colleague Yuriy Brezhnev. At the same time some 50-odd Swedish businessmen from 30 firms are going to Moscow to try, coordinated by the quasi-governmental export council, to interest the Soviet Union in specific export projects.

These involve equipment for energy-saving and offshore operations, bigger export packages for Soviet agriculture and the foodstuffs industry. The delegation will include representatives of our most traditional big corporations.

The deputy gas minister of the Soviet Union has also been invited to Sweden to visit firms and get information about what Sweden can offer for the Soviet offshore operations in the Barents Sea. No reply has yet come from the gas minister.

During the first 10 months of 1982 Sweden's trade deficit with the Soviet Union rose to 2.21 billion kronor. In October imports amounted to 4.07 billion and exports to the Soviet Union to 1.86 billion kronor.

8815

CSO: 3650/114

FINANCIAL WORLD LEADER ANDERS WALL COMMENTS ON ECONOMY

Copenhagen BERLINGSKE TIDENDE in Danish 27 Jan 83 Sect IV p 2

[Article by Elisabeth Poulsen]

[Text] Creativity and daring are some of the code words for a better economic life and thus a better economy, says Anders Wall, one of Sweden's leading financiers.

The creditworthiness of Volvo is better than that of Sweden, says Anders Wall, who, among other things, is chairman of the board of Volvo and managing director of Beijerinvest. His statement comes at the same time as Volvo presents its latest annual accounts, showing a record-high growth rate.

At a meeting yesterday at the Niels Brock Commercial Academy, Anders Wall stressed that it is the creativity and people who start new ventures that will get us out of the economic recession.

"We have got to allow people to make money again," said Anders Wall. "If, today, one makes a lot of money as a businessman, one is scolded. On the other hand, if one wins 1 million kroner in the lottery, one ends up on the front pages of the evening papers."

The requirement to risk one's skin and try something new applies equally much to the politicians, says Anders Wall. "It is no use just sitting, waiting for an international upswing. The trades and industries and those launching new ventures must be given better conditions. It is not difficult getting money for a good idea, but it has been extremely difficult for such ideas to become remunerative," says Anders Wall.

At the same time, he warns against the increasing power of trade unions. "It is necessary to reduce the power of the trade unions to provide increased scope for the individual person to show his abilities."

The bright spots, as seen by Anders Wall, are the lower rate of inflation and the falling oil prices as well as the fact that the Swedish stock

market has revived with a record-high volume of trading during the last year.

Here, the so-called OTC market, among other things, plays a role. The OTC stock market is a relatively new phenomenon in Sweden and corresponds to our Stock Exchange II, where minor firms may have their shares quoted in the official stock list, enabling them to obtain new risk-taking capital. "It may provide great stimulation to the Swedish trades and industries, and many enterprises are queuing up to take advantage of the opportunity," said Anders Wall, who himself is involved in an enterprise which expanded its share capital in this way.

Anders Wall, who is on his way ahead and upwards toward the role as one of Sweden's leading financiers, has often been accused of being a man of fast business deals. For example, he quintupled his capital when Volvo took over Beijerinvest, and he is today Volvo's second largest individual share-holder with 5 percent of the share capital.

"Without the quick business deals, I would not have been here today. They are the ones which have created the basis for my ability today to make long-term investments," he said.

The advice he gave the students of commercial science was: "Be positive, work hard, make your mistakes. but do not give up for that reason. If, one day, you should go bankrupt, that is not the end of the world. Come back."

7262
CSO: 3613/55

VOLVO ENJOYING HUGE SALES SUCCESS

Copenhagen BERLINGSKE TIDENDE in Danish 27 Jan 83 Sect IV p 2

[Article by Christer Isaksson]

[Text] Volvo made new record-high profits in 1982. Its profits last year increased by 1 billion kronor and reached the 2.4 billion kronor level, according to preliminary reports.

These are the highest profits ever experienced by any private enterprise in Sweden.

For the time being, Volvo has reported profits of 2.8 billion kronor, but foreign exchange losses will reduce the profits to approximately 2.1 billion kronor. To this come extra profits of 250 million kronor from the sale of offshore oil drilling platforms. The result before appropriation for the reserve fund and taxes will thus be 2.4 billion kronor.

Passenger vehicle sales account for the major part of the increased profits in 1982. The turnover increased by 33 percent to 18 billion kronor.

The managing director of Volvo, Pehr Gyllenhammar, was also gratified to learn that total sales reached a record-high level in 1982. Volvo sold for 75.1 billion kronor. That is an increase of 21.1 billion kronor.

The investments of the concern amounted to 2.3 billion kronor. Transport activities cost 1.2 billion kronor and the energy sector 1 billion kronor in investment costs.

The number of employees within the Volvo concern dropped in 1982 by 1,300 persons. This is primarily due to the fact that enterprises were sold off. A total number of 3,000 employees were affected by these sales.

On the other hand, within the passenger vehicle production sector, the number of employees increased by 1,700 persons.

According to Volvo's own calculations, the profits per share amounted to 30 kronor last year. The board proposes that dividends be increased by 1 krona to a total of 10 kronor. The final annual accounts will become available on 30 March, and the general meeting will be held in Goteborg on 25 May.

7262

CS0: 3613/55

HARRY SCHEIN APPOINTED DIRECTOR OF STATE INVESTMENT BANK

Stockholm SVENSKA DAGBLADET in Swedish 27 Jan 83 p 26

[Article by Axel Odelberg]

[Text] "I have always been concerned with money," says Harry Schein as a surprising successor to Arne Callans as director of the state Investment Bank.

Arne Callans is leaving his post at the end of April to go into retirement, after having been director since 1967, when the Investment Bank was founded.

The Investment Bank has been in stormy weather on several occasions. As a business it has run at a loss.

It is thus not an entirely comfortable post that the Social Democrat Harry Schein is now preparing to take over. Moreover, it is quite far removed from the more culturally oriented jobs that were mentioned in the mass media's advance tips about what Harry Schein would do after the Social Democratic election victory.

"But I have always been concerned with money, ever since my time as an independent businessman in the heating, water, and sanitation sector," Harry Schein says in comment. "Even though I have no experience in banking."

On Wednesday afternoon he was sitting reading the annual report of the Investment Bank. He says he has not had time to get deeply enough into his new field of activity to want to give any detailed policy declarations.

Obvious Rôle

"The Investment Bank appears to have an obvious rôle. We have a structural problem in the economy in addition to the pure market condition problems. It is important to invest in new businesses. The Investment Bank should be a natural instrument to contribute to renewal," he says.

He would like best for the bank's entire activity to be concentrated on renewal. He has no opinion yet about whether too much of the bank's activity up to now has had to do with saving crisis-threatened firms.

Concerning the bank's difficulties in finding a market for its risk capital he says:

Pessimism

"That is due to the general pessimism. If people will not stake even extra risk capital, there is not much to do about it. You cannot throw the money after them."

The greatest attention was called to the bank when it became the savior of crisis-threatened firms; the latest of these was Luxor. That was not the rôle that was originally planned for the Investment Bank.

Hard To Find Clients

The intention was for it to make capital available in connection with industrial investments where the risks were considered too great for ordinary banks. Such projects, however, appear not to exist in any great number. The bank quite simply has a hard time finding borrowers. Last spring the Investment Bank even placed advertisements in the newspapers to find clients.

8815

CSO; 3650/114

OFFICIAL WARNS THAT LIMITS ON FOREIGN LOANS MAY SOON HAPPEN

Stockholm DAGBLADET in Swedish 24 Jan 83 p 23

[Article by Axel Odelberg]

[Text] In 3 or 4 years the Kingdom of Sweden will be mortgaged up to the hilt if we continue to borrow abroad to the same extent as now. Then we shall find it very hard to borrow more.

That statement was made by Lars Kalderén, director of the Bureau of the National Debt, on the TV program "Pejling" [direction finding] Sunday evening. Lars Kalderén handles the Swedish state's foreign borrowing, and he stated that even today Sweden has to pay 0.5 to 1 percent higher interest on its international obligations than the most credit-worthy borrowers on the same markets.

"The situation is worsening fast enough to give occasion for concern," said Lars kalderén.

The public budget deficit and the public sector as a whole were the focus of the debate on "Pejling," which was entitled "How dangerously is Sweden living?"

Sweden Warned

The Norwegian Kjell Andersen, who is an economic expert with OECD, the industrial countries' organization for economic cooperation, in Paris, was among those who considered that Sweden's public sector is too large. Among other things Kjell Andersen writes the reports on the economy of the industrialized countries which are issued by OECD twice a year.

"The economic development in countries with a large public sector has been parallel to and worse than that in other countries during the 1970's," said Kjell Andersen.

"The public sector has been a little like a hand over the economy. There is reason to warn against a growing public sector in Sweden."

The statement must be viewed in the light of the fact that the Social Democratic government is allowing the public sector to grow in percentage of the gross national product.

The devaluation, on the other hand, won Kjell Andersen's approval. He characterized the decision to devalue as sensible, but expressed doubts about the size of the devaluation.

"The greater the devaluation, the greater the problems will be of controlling wage and price increases," said Kjell Andersen, who considered this the main problem in today's Swedish economy. Not so much this year, perhaps, but next year and later, when the devaluation should bear results in increased profitability in the economy.

"In that field Sweden is living dangerously," said Kjell Andersen.

Another who also talked a great deal about the necessity of cutting down the size of the public sector was Lars Wohlin, former head of the national bank. He called for more fee financing of public services. He also called for a great effort to reduce the public budget deficit.

"Otherwise the government's economic policy will not succeed," he said.

When Finance Minister Kjell-Olof Feldt got a chance to answer the attacks against the public sector, he pointed out that measures have now been taken with the aim of restricting public expenditures, but he also pointed to the public sector's function in distribution policy.

On the whole the finance minister was stingy with sweeping statements about what the government is planning to make it possible to cut down on the public sector. He said only that if economic activity increases during 1984 the government must see to it that the budget deficit decreases.

The program leaders, Gustaf Olivercrona and Herberg Söderström, forgot to ask Feldt whether the budget deficit must not be decreased in any case.

8815

CSO: 3650/114

PAPER VIEWS PROBLEMS IN TRADITIONAL EXPORT INDUSTRIES

Stockholm DAGENS NYHETER in Swedish 29 Jan 83 p 2

[Editorial by Nils-Eric Sandberg: "The Wrong Money on the Wrong Project"]

[Text] Profits, production and employment are the business of the traditionally strongest branches of industry: pulp, ore, steel, shipyards. But soon only losses and government support will be increasing.

That is partly because Swedish industry now has the wrong structure in relation to demand from abroad. It can also be interpreted as an indication that international developments have now gotten out of step with Swedish industry.

Today's industrial crisis is in some ways a reflection of yesterday's successes. From the end of the 50's the Western European countries began to build up their industries again, which is usually done following a normal world war. Swedish businesses promptly assumed the role of suppliers of raw materials and machines to the European restoration. Demand rose and the seller ruled the market.

The trends continued into the 60's. Without more competition the ore and forestry branches could receive good land returns, while the manufacturing industry specialized in investment goods. The process also continued in the technology fields into the 70's: both export and import of components, for example, increased. Imported investment goods now make up barely 25 percent of the value of capital goods export.

The export industry expanded partly at the expense of the home market industry. The low wage policy contributed to knocking out even some labor-intensive consumer goods industries, mostly in the clothing branch. Not even companies which produced home electronics survived, despite a large and active home market. A growing portion of private consumption is served by imports--for the simple reason that we no longer have any alternative domestic production

The oil crises raised the price of energy and thereby the relative price of capital (machinery, etc.). Demand for investment goods declined and an

enormous lack of demand for ore and steel arose. Because of stagnation, many industries have surplus capacity, and therefore draw down their investments.

So here is Sweden, with an industrial structure which is tailor-made for a market which has largely suddenly changed.

This is a part of the explanation of why the overbuilding policy failed, as did common Keynesian stimulation of business. The domestic market could not replace demand abroad for the raw materials and manufacturing industries, which were export oriented. Families do not normally increase their consumption of commercial steel so that the state will increase the child allowance.

The government financed private consumption with foreign loans. Since the consumption of private goods is so dependent on supplies of import, the result was mainly increased deficit in the trade balance, without much effect on employment.

Assume that the situation of competition and relative prices during the past 10 years remains relatively unchanged. Production in the critical Swedish industries--primarily ore, steel and ships--must in that case be cut back drastically. That means that a large part of today's industrial capital becomes obsolete. And both new and replacement investments must be turned away from those industries to those which are expansive, but in relation to our total import needs inadequate.

That should be the main task for what is called industrial policy. In practice the effect of the actions by the state have been the opposite. The support for employment is designed as support for production, and thereby locks manpower and capital in the wrong industries.

The National Industrial Board in a recent analysis produced several unfortunate figures on resource allocation. Since the end of the 70's half of the investments in industry have gone to businesses in which earnings are less than the interest on their loans. During all of the 70's 30 percent of industrial investments were made in firms without long-term financial strength. Etc.

This is partly because corporate taxes--with favorable rules for tax write-off and confiscatory taxes on dividends--lock in the profits. Investments today are decided by yesterday's profits, not by tomorrow's expected productivity.

To change the structure of industry is a long-term affair. Expansion of domestic market industry which will replace imports is in a 10-15 year perspective, and does not solve today's balance of trade problems.

But the essential thing is the direction of movement. The state can contribute by revising the entire industrial policy. Its goal should not be to "create employment" but it must stimulate a transfer of resources to the expanding industries. Support to those employed in critical industries must finance new business starts in those places, not continued losing production. And the tax on capital income must be reduced so that profits can be lifted out of the businesses and reinvested after a testing of the different projects on the market.

Now the government is trying to stimulate investment by increasing the tax on profits to 95 percent. Perhaps that is not an effective method.

9287

CSO: 3650/112

DIM PROSPECTS SEEN FOR RIVAL ENVIRONMENTAL PARTIES

Hamburg DER SPIEGEL in German 17 Jan 83 pp 116-117

/Text/ For the Bavarian Green official Bernhard Lurz the Austrian counterparts are a "curious jumble of contemporary types". As an invited participant at a Green meeting in Salzburg he has "hardly recovered from his fright".

The indigenous observers of the alternative scene in Austria were even more blunt. The conservative Vienna daily DIE PRESSE commented "first of all nothing but weirdos", the leftist paper HEUTE a "curio shop".

"The Germans organized for 3 years and then won elections", said the film director and citizens' initiative leader Dieman, "the Austrians want to win the elections first and then organize."

There is something to this. Since the Hamburg Green-Alternative slate won a sensational 9 seats in the municipal elections of June 1982 and for a short time threw the established parties into disarray, the Alp country Green groups and grouplets have been clamoring for an equally swift success. Having only just been founded, they already want to participate in the Austrian parliamentary elections on 24 April. In the last few months many such parties have been registered with the Vienna ministry of interior that the competent official cannot cope with it.

Overall Austria, with its 7.5 million inhabitants, has 80 parties at the present time, and 3 dozen of them rate as Alternatives or Green, or shades of Green.

All of the new ones have reserved for themselves halfway relevant names, a few even doubled. Thus Austria now, along with various green "platforms", "unions" and "fronts", also has a "Green Movement" as well as "The Green Movement", a "Party of the Partyless" and even twice a "Party of the Non-Voters". At the most, only the "West Austrian Community and Regional Configuration Party" is running with a name not subject to confusion.

A vote-potential seems to be available everywhere. In Austria there is no Brokdorf, no Gorleben, and no NATO arms modernization, but diffuse fears of war and acid rain are detectable everywhere and disgust with the usual parties grows from month to month in the face of many corruption scandals.

A poll by the If public-opinion research institute produced about 6 percent "hard-line Greens" behind which were possibly 11 percent "Greens in the broader sense".

Realists count on a maximum of 4 percent Greens scattered across the country in the election--far too few: in Austria one can only get into Parliament if one secures the necessary 258,000-28,000 votes in one electoral district to obtain a basic mandate.

The Greens and Alternatives could get this, however, if they were in a firm electoral alliance. Instead they are running hopelessly split and discordant.

What would like to float on the Green Wave is in actuality a multicolored jumble from black to bright red--with, in contrast to the German scene--a disturbing amount of brown sprinkling.

The common ground is limited to the scurrility of the current top officials, most of whom appointed themselves and in some cases comprise their own following.

Of the total of 36 parties only 5 are of supraregional importance:

-the "Alternative Slate of Austria", roughly comparable to the Federal German Greens with a broad leftist basis from youth of all classes and a program which also takes into account the concerns of homosexuals and lesbians; its leading thinker is the Styrian writer Erich Kitzmueller, who previously gave ideological advice to the SPOe /Socialist Party of Austria/.

-"The Greens", a rather right-wing grouping, whose head, "Caliph" Franz-Joseph Cardes, lived, by his own account, as a hypnotist in Munich, as a colonist on the Egyptian-Sudanese border, and in Steiermark as an organic farmer; he wants to be a friend of Khomeini, but cultivates a beard similarity to the Emperor Franz-Joseph, who died in 1916. He has now withdrawn to the summit of the Zugspitze, allegedly "for the purpose of astronomical and astrological research";

-"The Greens of Austria-Party of the Discontented"; its founder Friedrich Otto Fronz-Frundsberg, ruling grand master of the "Pro Concordia Order", has as his main occupation the job of town councillor in Klosterneuburg, near Vienna; in the 1960's he produced spicy films with titles like "Whore Report", "Via Erotica", and "Maidenly Sinners", which earned him the award of the "Golder Brassiere"; he nevertheless protests against journalists calling him a "porno-baron";

-The "People's Union/Election Party of Independents/Green Platform" with the old rightist Robert H. Drechsler at its head, who stubbornly inveighs against the "Holocaust Lie"; Drechsler's first attempt to found a party 3 years ago was prohibited, because the statutes contained acknowledgement of the "German State of Austria"; his party newspaper DIE LEUCHTKUGEL /"the star shell"/ at first bore an Iron Cross in the title, which has since been replaced with an edelweiss;

-the "Green Forum" of former OeVP /Austrian People's Party/ supporter Elizabeth Schmitz, who for years appeared among Demos, preferably with coffins; this ex-wife of the one-time OeVP Finance Minister Wolfgang Schmitz previously considered herself, in her own words, as a "nuisance in the name of the Lord" and solicited mainly for the "Catastrophe Aid of Austrian Women".

As salvation from so much bright color these groups would need mainly a credible leader. Such a miracle worker is nowhere apparent.

The spiral-painter and militant Green planter Friedensreich Hundertwasser is rejected because he spends "too much time abroad or on his roof terrace" (according to HEUTE).

Konrad Lorenz, Nobel prize winner and "Grandfather of the Greens" has already energetically declined. The 79-year-old animal psychologist, whose favorite field is gray geese, regards every Green party as a self-contradiction: "Environmental protection is substantive necessity and not a question of a party program."

Also having rejected the role is film villain Herbert Fux, to whom many had appealed because his citizens' slate ("Bue-Li") was able to get a sensational 17.6 percent of the votes and 7 seats in fall city council elections in Salzburg.

Also out of the running is the energetic Vienna University director Friedrich Weiss, alias Friedrich Woess, who won fame after 1945 with his autobiographic war novels "You Dogs, Do You Want To Live Forever" and "Fish Begin to Stink At the Head". He gladly offered to be a coordinator among various groupings, until he himself loses his nerve (standard justification: "obviously we are still at Stalingrad").

To sum up: The Austrian Green groups will in all likelihood be divided and therefore enjoy no particular chances in the electoral battle. Its leftists should cost the SPÖ votes, its rightists should cost the OeVP and the FPÖ /Austrian Liberal Party/ votes.

"I think that our problem is that each of the 36 Green parties would like to unite all the other Green parties under it", admitted "Caliph" Franz-Joseph Cardes in annoyance. He would much rather retreat again into distant Arabia, where conditions are less chaotic for him.

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SP'S VAN MIERT ON POLITICAL, ECONOMIC ISSUES

Brussels LE PEUPLE in French 19 Jan 83 p 2

[Interview with Karel van Miert, president of the Flemish Socialist Party, by Christine Laurent: "Steel Industry, F-16's, Regionalization, Fourons, Karel van Miert Responds"]

[Text] [Question] Karel van Miert, at the time when the Vanden Brande bill on the regionalization of the five national sectors is being debated, could you tell us how far the SP [Socialist Party (Flemish)] would be willing to go in the matter of regionalization?

[Answer] The problem of the national sectors is an important one, but it cannot be isolated from the rest. It is not very judicious to limit oneself to the five sectors. That is the wrong way to formulate the problem. For us, it is a question of determining what can be transferred to the regions and what should remain under the authority of the central state. Hence, the debate is much broader. Which inevitably brings up the problem of financial responsibility. Those who believe that it is possible to increase the autonomy of the regions without profoundly changing the system of endowments are deluding themselves. Hence, it is necessary to discuss a new distribution of authority in this sense, and to find a financing system based on the specific responsibilities of everyone.

[Question] What matters should, in your opinion, be managed on a national basis?

[Answer] If you start from the aspiration manifested within the EEC to achieve the creation of a European monetary system, then I think that it is necessary in Belgium to maintain a common currency, to leave the management of price policy, of competition policy, as well as of several elements of economic growth policy in the hands of the central state. On the other hand, it is indispensable for industrial policy to be regionalized. We also have to review the problem posed by credit. But it is indispensable to give the regions the necessary resources.

[Question] You reject the system of endowments. What financial policy for the states would you substitute for it?

[Answer] I recommend that everyone work with the financial and other resources of his own region. The question of debts, however, is one which must still be

negotiated to find solutions which will not crush the regions as is, alas, already the case in matters of housing, for example.

[Question] In the system you advocate, do you exclude any possibility of solidarity?

[Answer] To the extent that social security remains a national responsibility, solidarity still exists. At the same time, one could also imagine mechanisms of solidarity at the national level. The question will have to be debated in terms of objective criteria.

[Question] What do you think of the Vanden Brande proposal?

[Answer] It displeases me for two reasons: on the one hand, it approaches an important problem only from the angle of the national sectors and, on the other hand, it does not provide for financing. Which makes no sense at all if one refers to the current endowments. That is why we don't buy it. Because the crucial point remains the financing.

[Question] The FDF [Democratic Front of Brussels French Speakers] has said that this bill would lead to separatism. What do you think about that?

[Answer] The FDF wants to rekindle a few community quarrels. That is its reason for existence. Now, it will be impossible to find solutions if one poses again the problem of the borders of Brussels, for example, as the FDF is currently doing. The value of Brussels is for it to remain the capital of the country and to have privileged relations with Flanders and Wallonia. It is a question of finding solutions for its economic and social problems and to find a specific status for it within this context.

[Question] The People's Union has asked that the Vanden Brande proposal be discussed at the government level. What do you think about that?

[Answer] The current coalition is very divided on all the community problems and numerous blocking actions have occurred within the Martens V administration. The government cannot or does not want to move. It is trying to save its existence and already immobilism has set in.

[Question] Would the SP accept a granting of more money to Cockerill-Sambre, beyond the envelope of 22 billion francs set aside by the agreements of May 1981?

[Answer] The SP accepted its responsibilities at that time, under difficult political and economic circumstances. We were the only ones on the Flemish side; the CVP [Social Christian Party (Flemish)] was shooting us in the back. It was not easy to get the May 1981 plan accepted. Alas, by the beginning of 1983, the resources which were supposed to last until the end of 1984 have been exhausted. If a new intervention is required, the responsibility for this decision should be incumbent upon the region. Everyone should secure the financing of what he deems necessary. On the Walloon side, they don't realize that, because of the government policy, Flanders has had to face numerous bankruptcies, such as the one of Cockerill Yards which entailed the loss of

no less than 4,000 jobs. Hence, you can't have two speeches, one for the North and one for the South.

[Question] The SP has expressed its disagreement with the purchase of 44 new F-16's, a purchase which is to be decided by the government on Friday. The contract provides for a contribution of 22 percent in indirect compensation for Flanders, compensation which based on the latest information can no longer be guaranteed by General Dynamics. Is that the reason for your opposition to the F-16's?

[Answer] We are only restating the positions we defended during the Eyskens I administration. We refuse to endorse this purchase, because from a military point of view it is not justified. As a matter of fact, the department of the army has publicly admitted this. At a time when the socialists are being accused of not wanting to economize, what would one say about a government which would accept an indefensible order.

[Question] And yet, the survival of the Walloon aeronautics industry, which is a key sector as you know, depends entirely on this order.

[Answer] It is not responsible, under pretext of wanting to support an industry, to make purchases when they cannot be justified. One could also imagine buying ships -- which are far from being indispensable, I add immediately -- simply to put the shipyards to work! We must put an end to that policy and find other means to safeguard the Walloon aeronautics industry. As a matter of fact, I want to denounce the government's hypocrisy in this matter, being ready to put in orders when, militarily speaking, they are indefensible.

[Question] Another burning community issue: Fourons and the appointment of Jose Happart as mayor. Are you opposed to that appointment?

[Answer] The issue of Fourons regularly poisons political life in Belgium. The Happart affair cannot be isolated from the general context. The real question here is whether the decisions of 1963 will be respected once and for all, that is to say: to demand a return to Liege is once again to question everything that was decided at that time. With such attitudes, we risk the destabilization and breaking up of the country. The appointment of Happart is not only the appointment of a mayor. It must be placed in the context of the political problem of Fourons.

[Question] Yet, Jose Happart was elected democratically and the presidents of the French speaking parties have demanded the respect of legitimacy.

[Answer] It is not only a question of legitimacy; it is an element of the whole. To question everything all over again, Brussels as well as Fourons, this resembles provocation. In fact, one evades the real problems. The same is true for Brussels. If Mr Outers hopes to return to the attack with the problem of Brussels as third region, then he deludes himself.

[Question] Would the SP agree to join a possible three party administration?

[Answer] Experience has proven that the formula of three party government is not very conclusive. It is hard enough to get along with two political families. A fortiori, it is all the more difficult with three political families.

[Question] Hence, it would be a two party government. But which one, social Christian-socialist or liberal-socialist?

[Answer] On the Flemish side, the socialist policy is far too far removed from that of the liberals for them to be able to get along. Hence, for the moment we would have no common bases. In any case, I believe that the current coalition will survive, in spite of the difficulties. In case of a fall, we will exchange Mr Martens for Mr Eyskens and we will take off again, but with the same partners.

[Question] What would your conditions be to participate in a government?

[Answer] On the one hand, that an anti-crisis policy be implemented, based on selective recovery, a recovery which would include an increase in public investments in several sectors. That is a priority for us. At the same time, we are asking for a more balanced, more honest policy of moderation. We also want a more active policy to fight unemployment. There is no question for the SP of agreeing to the installation of missiles and cruise missiles on Belgian territory. As far as community matters are concerned, it would be indispensable to agree from the beginning on a number of things: on an increase of the authority of the regions and on the means of financing.

[Question] How would you describe your relationship with the PS [Socialist Party (Flemish)]?

[Answer] I would say that each of us goes his own way. Our positions in terms of regional autonomy have evolved a great deal. I foresee the possibility of discussing several issues to try to find an area of agreement.

[Question] And yet, your statements relative to the F-16's can certainly not please the president of the PS, can they?

[Answer] It is not possible to iron out all the differences, but I foresee possibilities of rapprochement in several areas; I am thinking specifically of certain aspects of the community issue, such as education for example, or of several economic and social orientations, such as social security.

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IDEOLOGICAL, REGIONAL DIVISIONS REND COMMUNIST PARTY

Brussels KNACK in Dutch 12 Jan 83 pp 37-38

[Article by C.D.S: "The Swan Song of the Communist Party"]

[Text] Two weeks ago the Belgian KP [Communist Party] was represented at the celebrations in Moscow, on the occasion of the 60th Anniversary of the Soviet Union. At the moment, chairman Louis Van Geyt is on a working visit with comrades in Vietnam and in a few days he is traveling with a delegation to China.

Consequently international communism treats the Belgian comrades with great respect, although the question can be asked seriously here whether that communist party still exists.

The recent spasmodic efforts for a change of policy of the communist parties in the Low Countries appear in each case rather like convulsions. Both the CPN [Communist Party of the Netherlands] as well as the KP in Belgium are trying now to show the so-called Eurocommunism something more than only lip service. Therefore it appears in our country that Belgium's last unitarian party is now finally ready for federalization. Although the Flemish chairman, Jef Turf, eagerly describes this as the beginning of a revival, it appears more like the swan song of a backward party, in which the country's very last communists now are killing each other off.

"No single party offers its members such an open forum for discussion as the KP," says Jef Turf, who still controls the party from the gray building on Stalingrad Avenue in Brussels.

With that he probably wants to say that in the KP at the moment there are approximately just as many controversial questions and contradictions as members. The Belgian Communist Party, which also has known a brief period of glory, now has at the most 10,000 members, of which hardly a third come from Flanders.

In recent years the KP, which expresses itself almost exclusively electorally, has suffered successive election defeats and it now has only two representatives and one senator. The Flemish federation is completely eliminated: it is not represented in the chamber or in the senate or in the provincial councils. Even chairman Van Geyt had to let his Brussels seat slip through.

Shortly after the Second World War, the communist parties of the Netherlands and Belgium were still genuine mass movements. The Belgian KP was founded in 1921, is consequently a year older than the Soviet Union and experienced a slow growth until the war with about 6 percent of the voters in the 1936 elections. But in the elections of 1946 that exploded suddenly to more than 12 percent of the population: the KP then had 23 representatives, and even took part in the government with three ministers.

The cause of that victory was obvious: on one hand, the leading role of the KP in the underground resistance to the German occupation, on the other hand, the war victories of the Red Army. However, immediately afterwards, it again dropped rapidly: 7.5 percent in 1949, 4.7 percent in '50, to the absolute nadir of 1.9 percent in '58. And the reasons for that decline were quite clear: the repercussions of the Stalinist period and especially the Cold War.

In the entire development of the Belgian KP, there was a constant predominance of the Walloon wing, which always made up at least two-thirds of the membership. In Flanders, the KP was successful only in the leftist bastion of Aalst, where Bert van Hoorick was the very popular leader then. In the last 20 years, the KP has continued to babble on about the insignificant result of 2 to 3 percent of the voters, and the rise of the New Left at the end of the sixties did not change that much. At that time, some new blood came into the party, although the largest part of the communist party always continued to be made up of the same old followers. At the end of the seventies, the newcomers, with their aversion for a well-defined Stalinist old guard in the party, would begin to kick up a row.

It was under their influence that the party at its 23rd Congress in 1979 came to inscribe Eurocommunism on its banner, with which the storm only broke out in full force. The many contradictions between the Eurocommunists and the orthodoxists, democratic centralists and horizontalists, Flemings and Walloons hardly appeared to be reconciled, and efforts to that end consequently failed at the 24th Congress in March 1982. It was not possible to defer all problems again for 3 years (until the next Congress)

and therefore the chairman, Louis Van Geyt organized several weeks ago a repeat 24th Congress. It appears doubtful, whether the KP was saved with this.

Many of the disputes are to be blamed on an old Stalinist faction, especially in the Liege federation, who are still blindly devoted to the Kremlin, become upset if a critical word is said about Poland or Afghanistan, profess orthodox communism as a bible from which not a word can be removed, and do not identify at all with the independent course which the KP now wants to follow. "They are an important minority, but are not an organized faction," soothingly says Jef Turf, who himself--although he has been in the Politburo since '63--has always supported the renewal, something which can be said less of chairman Louis Van Geyt.

Precisely at the same time as the CPN in the Netherlands, the KP has removed the terms Marxism-Leninism from the statutes: that means that the KP wants to go further towards Eurocommunism, toward a party and strategy which is based on its own situation and not on a closed historical doctrine. A second dogma, which the younger generation also fiercely opposes, but which still is retained in the statutes, is the famous democratic centralism although it was now explicitly observed that more room should be offered for personal initiative.

For the KP and the CPN, in fact, unadulterated copies of sister parties in the East Bloc, both have very authoritarian pyramidal structures, in which a small top leadership makes all decisions, which are followed on an unemancipated basis, a sort of oligarchy consequently, which is indicated with a somewhat more euphemistic term, democratic centralism. So the KP structures come from Moscow: The rank and file federations send their representatives to the congress, which elects the Central Committee, from which the Politburo is selected and it is that Politburo with 13 people which runs things.

Even though several newcomers are now included in the Politburo, they could not therefore get rid of democratic centralism. The rank and file must continue to slavishly follow the orders of the top leadership, and who does not agree with it can leave. Consequently that has happened several times in the past year, for example, with the executive committee of the dissident Mechelen federation, and with the leadership of the stubborn communist youth.

Just like the CPN, the KP now is also taking an independent position regarding East Bloc communism, although a "critical

solidarity" remains. While the CPN has resolutely cut its ties with the sister parties in Czechoslovakia and Poland, however the KP is not going so far, "but relations are very chilly," Jef Turf assures. The communist party has officially recognized the right of free trade unions to existence and demanded the end of martial law in Poland.

In every case, the image of Russia in public opinion always has a direct influence on the KP here. Although that, at the moment, according to Jef Turf, is not so bad as during the Cold War period: then the people were really afraid of the Russians, but that fear only exists artificially now among the leaders.

Eurocommunism also means that the socialist state will no longer be achieved through violent revolution, through the dictatorship of the proletariat. And in the case of orthodox communism, a great deal of the old bombastic vocabulary must be thrown overboard. It is only with timid hesitation that the Flemish chairman, Jef Turf, still dares to say words like hegemonists, imperialists and renegades. He appears rather to be heading towards the new jargon of the rank and file movements. While at this time in the Netherlands, it appears that the CPN has almost been completely taken over by the feminists, the Belgian KP appears to be advancing in the direction of the rank and file movements.

With the communist congress, in these difficult days for Belgium, the last unitarian party in our country was federalized at the same time, something which one had grimly tried for years to avoid, for the sake of the necessary solidarity in the class struggle. This is now always unattractive, and therefore they do not want to move towards a split like the Socialist Party, but that does not alter the fact that they now want to take into consideration the communities' own identity. The Flemish area, which is constantly overshadowed by the Walloon counterpart, has still almost unanimously rejected that federalization, because it did not go far enough, something about which lamentations now appear again in the weekly DE RODE VAAN [THE RED BANNER].

Is this the party's swan song, the last Five-Year Plan? "Definitely not." Jef Turf assures, "the KP will gain a new impetus through that Flemish characteristic, although I understand that we will never reach the level of the PCI or the PCF." Jef Turf says all that with especially little conviction, he probably also understands that the party, to which he has given a great deal of his life, has become an anachronism which can no longer be controlled and that the blame for that lies "not only in the hegemony of bourgeois ideology," but rather must be sought within itself. Attempting to patch up irreconcilable differences will now no longer mean salvation: consequently, the KP is neither fish nor fowl. The GAZET VAN ANTWERPEN [ANTWERP GAZETTE] recently tried in a series of articles to put the whole peace movement in the KP's pocket. Jef Turf grins "a very great honor for us."

GREENS PRESENT EXTENSIVE ECONOMIC PROGRAM

Measures Against Unemployment

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 17 Jan 83 p 5

/Article by ban: "Greens' Optimism Dropping--Rotation Principle for Bundestag Delegates Too--The Program"/

/Text/ Sindelfingen, 16 January--With the end of its party congress in Sindelfingen last weekend, the National Greens Party initiated its election campaign for the 6 March elections. The party congress occupied its time with the elaboration of a program in which the Greens make proposals on how to deal with unemployment. Additionally, they decided that in case there would be Green delegates in Bonn after the March elections, they would be regularly rotated after 2 years so as to make room for so-called backups. As far as election prospects are concerned, the party congress was generally in a mood of muted optimism. There were of course statements made to the effect that the reigning coalition between the Union and the FDP could be terminated only by the Greens; but there was no sign of a mood of spiritual uprising at the party congress which would motivate the party for the election campaign of the coming weeks.

Outside the party congress general assembly, numerous delegates indicated that their party's election prospects would dim during the coming weeks. One of the Greens' spokesmen, Trampert, dealt particularly with the Social Democrats' election campaign. He objected to the idea of a rapprochement between the SPD with the "peace movement" and the environmental protection movement, which the Social Democrats want to "integrate," by saying that the Social Democrats have undergone no change at all by switching from ex-Chancellor Schmidt to Chancellor-Candidate Vogel. "In the election campaign, we will have to deal intensively with the SPD and to explain the differences between their Sunday speeches and their political practices, and on how little difference there is between them and the CDU," said Trampert. He sought to identify the Greens as that party which alone wanted to hamper the "nuclear threat;" which was the only one to be opposed to the possible stationing of U.S. medium range missiles and which was "thoroughly committed to stop the destruction of our natural resources." In addition, Trampert stated that the Greens are the only ones "firmly opposed to any kind of big brother state." With regard to the prevailing mood within his own party he stated that the Greens must "finally take the offensive" with their proposals on how to end unemployment.

Funds From the Defense Budget and From the "Rich"

This debate occupied the biggest part of the Greens' party congress. In their program to reduce unemployment the Greens place primary emphasis on reducing the workweek to 35 hours, while at the same time demanding full wage equalization for the lower and intermediate wage groups. Besides, they want to create new jobs which would be designed to stop environmental destruction, which in their opinion is on the rise. Here they propose an extension of public transport, but come out against major projects such as nuclear power plants, superhighways or the Rhine-Main-Danube canal. Additionally, they want to support initiatives emanating from their followers in the environmental movement and in other "alternative" groups. To fund their plans the Greens see primarily cuts in the defense budget; further, they desire heavier taxation of the "rich" and hope that by terminating some so-called "major projects" additional funds would become available which could be used for decentralized energy production enterprises, which is what they favor. At the same time the Greens say that while working hours are reduced, productivity must not be allowed to increase. As to the subsequent drop in the German economy's ability to compete, they are skeptical or downright against making the FRG a part of the international market. They declared their intention of "cutting down" on the industrial system; a considerable number of delegates spoke of "renouncing" in that connection. They were opposed by a more or less "social state" oriented group, which is interested in contributing to a leveling of the wage structure by way of full wage equality for the lower and intermediate wage earners, and which demands that the Greens make more intensified approaches to labor and parts of the unions. As could be seen from the withdrawal of the initially passed resolution, which provided for full wage equalization for only the lowest wage earners, that latter group won its point. The party congress decided by a large majority that the potential Green Bundestag delegates should as a rule leave the Bundestag after 2 years, to be replaced by those candidates on the Land list who obtained the next highest number of votes in the elections. In view of the "thin" personnel resources of the party, the Greens did make provision for some exceptions. They decided that the assemblies of Land delegates would be entitled to let one of their delegates remain in the Bundestag beyond the 2-year limit, if 70 percent of the Land assembly delegates were in favor of so doing. Two other proposals were rejected: one, which would provide that rotation of delegates would not occur until the end of the legislative period; the other, which would tie exceptions to the rotation rule to a vote by the national assembly. Additionally, the party congress agreed that the Green Bundestag delegates and their "backups" should work in close collaboration.

In their election platform the Greens once more reiterate the basic tenets of their policy. They are opposed to a continuing policy of arms buildup and demand an "active peace policy." In this context they would have the FRG take the initiative in this process, which--they hope--might lead to corresponding moves by the other side. Their security policy is based on a desire for "bloc independence" and "neutrality" of the FRG. Based on this objective, they reject the proposed stationing of U.S. medium range missiles and demand a "weapon-free" zone in East and West Europe. Despite the shortage

in the public treasury, they object to "the decrease in social programs and public services in exactly that situation in which more and more people depend on them." The Greens are attempting to impress the unions with statements of this sort while at the same time cutting the ground out from under the SPD in the election campaign. In contrast with the Greens' party congress in Hagen last November, there was no emphasis this time on cooperation with the SPD. In this respect the party has in the meantime decided to "tolerate" the election of Vogel to be SPD Federal chancellor, provided he rejects the stationing of U.S. medium range missiles and that he in addition promote the elimination of nuclear energy as an energy source. As to other demands in the social and environmental areas they hint at being willing to negotiate.

Demands for the 35-Hour Work Week

Their primary proposed measure to combat unemployment is a reduction of the weekly working time, initially to 35 hours. The limitation of working hours is to continue until such time as there are no more unemployed. They demand wage equalization for earners of "low and intermediate" wages. The legal maximum working time would have to be lowered, through a limitation on exceptions and by "strict" control of shop stewards and trade supervisory offices. The Greens are of course worried that a shortening of the work week would have no impact on the labor pool. Also, agreements would have to be arrived at about new employees and, even more importantly, the productivity of the individual worker must not be increased. The objective is said to be "to avoid a renewed intensification of work for the short terms." This must be controlled. "Shop stewards' prerogatives of control and objection must be expanded to avoid the occurrence of an uncontrolled increase in work performance intensity." The Greens are ignoring the question of what would happen if the shop steward would demand greater output. But they foresee another result of the lowered productivity of German industry, which their plans would bring about. They don't think that a drop in the competitive edge on the international market would be such a bad thing. Apart from redistributing work, the program talks about "environmental and social investments," which are to do away with unemployment. This would include such things as "biogas plants" and a plan to equip all coal power plants with "the most modern environmental protection facilities." Public transport would have to be improved, more activity would have to occur in housing construction as well as in environmental protection policy. At the same time they demand "reorientations in production," which means that weapons manufacturers for example would have to produce something other than weapons. Auto manufacturers would be similarly affected; all this would indicate that intra-plant division of labor would be subject to a "basic reorientation."

The Greens think that the funding of governmental measures would be simple. The defense budget would be the primary target, whereby the Greens would link economic policy with peace policy. Additional funds would be found by cutting down on "major projects" in road and airport construction. Finally, the higher income groups would be subject to higher taxes, not only because they are "rich" but also because they are responsible for "unsocial and anti-environmental policies."

Greens' Economic Philosophy

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 17 Jan 83 p 5

/Article by Guenter Bannas: "Detroit--The Handwriting on the Wall; Green 'Utopians' Versus 'Closet-Social Democrats'"/

/Text/ Sindelfingen, 16 January--Willi Hoss points to the affluence of the city in which the Greens have settled down for their election party congress. Sindelfingen, he says, is the richest city in Germany; computers and motor vehicles are being built here, the top-of-the-line models of each. But Willi Hoss reminds his listeners of Detroit, where, he says, cars are no longer being produced, and of Duisburg, where there are worries about steel production. He speaks of the "limits" reached by the market. But new production facilities continue to be built nevertheless. He is against that. The manager of one of the auto manufacturing plants has told him that there are enough cars to go around, but not enough of his own brand. He is against that, too. And, complains Willi Hoss, the unionists, no matter how leftwing they are, are in favor of further expanding their own plants. Willi Hoss wants no part of this. He quit the Metals Union, but remained in the works council of Daimler-Benz. Now he is at the top of the list of Green candidates for the Bundestag from Baden-Wuerttemberg.

Hoss's words became the majority view of the Greens' discussion on the subject "Against Unemployment and Social Program Cuts--For Sensible Work and a Life of Solidarity." He and the whole program are not only a product of the Greens, who were unable to come to any agreement on it as recently as their last party congress in Hagen--it is equally a product of the 6 March election date. For that occasion the Greens are not looking for any embarrassment to themselves nor for a reason for gloating by the other parties. The program was finalized on Sunday morning after a debate lasting 10 hours and one in which the delegates stubbornly refused to use the mechanism of a general assembly. Such a mechanism acts as a brake even when the points at issue are "nowhere near as opposed to each other" as it would appear. Everything was so well prepared that the party spokesmen could practice restraint. They have learned this from other parties.

In Hagen one wouldn't have gotten that impression. On the one side there were the pure, openly far-left environmentalists, who were for scrapping the entire industrial system. This earned them the nickname of Utopians from the others, who are in favor of a state of social programs and who therefore do not want to turn their backs on growth and the workers, which in turn earned them their backs on growth and the workers, which in turn earned them the designation "closet social democrats." One groups was pushing the anti-unemployment program for being a program of less work; the other group make it into a catalogue of measures which was not too different from that of leftwing social democrats. The final result in Sindelfingen was an attempt at making environmental policy with the model of a self-governing socialism--the Greens don't want any part of real, existing socialism.

The Greens reject the basic marketing principles, competition and supply and demand price structures, leading to maximum productivity and the quest for profit and earnings; they have a skeptical approach to the industrialized society also. They talk about "retrenchment." Says the program: "The Greens are convinced that in the FRG as well as in the other industrialized nations there is not too little industrial productivity, but too much." The dying forests, the pollution of lakes and rivers, it continues, are the result of "exploiting the natural resources." The use of computers makes the "remaining work" ever more "externally directed." They would improve this: "In a social economy production is geared to what is needed and ecologically tolerable, not to profit." "Work for pay" should be deemphasized in favor of "free, self-directed activity." Some members may have sniffed a whiff of realism when they inserted the following into the program: "We realize that in any society of the future there will remain a need for essential work which cannot be performed without alienation. Such work must be distributed equitably." But there is also much talk about nationalization; about bodies which will have to supervise many activities and which themselves will have to be monitored. The Greens want a strong state, albeit a "decentralized" one.

9273

CSO: 3620/176

LOEWENTHAL CONSIDERS FEASIBILITY OF NEW MAJORITY TO LEFT OF CDU/CSU

Bonn DIE NEUE GESELLSCHAFT in German Nov 82 pp 1006-1009

[Article by Richard Loewenthal: "Priorities in Forming a New Majority"]

[Text] Professor Dr Richard Loewenthal, professor of political sciences with foreign policy his major area of interest, born 1908, is acting chairman of the basic values commission of the SPD party presidium. He has devoted himself for decades to the theory of democratic socialism. Of his numerous publications the work "Beyond Capitalism" (February 1947), published under the pen name of Peter Sering, especially became politically important. A new edition appeared in 1977 by the J.H.W. Dietz Publishing Company. Also note his articles in DIE NEUE GESELLSCHAFT 12/81, 2, 3, and 4/82.

Note by the author: The draft of this article was sent to a number of responsible Social Democrats with a request for comments. Friendly criticism by some of them, particularly Johannes Rau and Peter Glotz who, while agreeing to the general tenor, objected to some formulations as unnecessary cause for internal party polemics, caused me to change these formulations in this final, published version. R.L.

The previous social-liberal majority has been destroyed by Herr Genscher's switchover, not endorsed by the voters. The elections in Hesse have shown the continuance of a potential majority "left of the CDU/CSU", and opinion polls have also confirmed such a possibility on a national level. But besides the uncertainty in how far this encouraging result will survive the first shock from the shabby form of the Bonn changeover, one must make the important restriction that, up to now, this is only a negative majority at best--not a majority with a common program. The problem facing the SPD, relegated to the place of opposition [party], is not simply that of consolidating a new majority already in existence: the problem is to transform what is only a potential, negative majority into an actual and positive majority through a concrete policy understandable to the widest circle of voters.

I. Such a strong new majority cannot be created by looking for new allies, but through a credible political answer to a vital national question: only around such a policy can one gather allies into a majority and finally

integrate them, in part. The creation of the social-liberal majority in 1969 and 1972 is a good example of this. Some people talk today as if in 1969 a great Social Democratic election victory had been made possible through integration of a large part of the APO [extra-parliamentary opposition]. That is a legend about 1969. In reality, the SPD at that time obtained a solid, albeit modest, election success, and it had not been preceded by an appreciable integration of APO followers: it could not precede it, because the APO followers, up to that election, lived in an ideological dream world in which the Federal Republic, under the government of the great coalition, was on the way to a "regulated society", i.e., a semifascist police state at best, against which a revolution was the only alternative. Only when the social-liberal coalition came into power, in place of these expectations, this absurd APO image of the world collapsed--and only after that could Willy Brandt integrate important parts of their former followers with his motto "to dare the risk of more democracy". And only in the great, historic election victory of 1972, when the Social Democratic party for the first and, so far, only time in the history of the Federal Republic became the strongest party, did this integration have a significant result.

So, how did the majority of 1969 really come about? Only, and only because SPD and FDP had developed in the previous period, and at first independently of each other, a common viewpoint on a vital question of German policy, that is to say, the question of normalizing relations between the Federal Republic and the Soviet bloc, including the GDR. During the period of the great coalition, which had started with the intention of overcoming the danger of an international isolation of the Federal Republic by taking steps towards such a normalization, CDU/CSU opposition against such a new Ostpolitik had hardened to the same extent as the price for such a normalization--a *modus vivendi* on the basis of a territorial status quo, including partition of Germany--had become clear. But Brandt, as foreign minister, had never stopped to prepare a more farreaching policy, and the FDP, as the opposition party, had already taken a like attitude. The election night decision to form a coalition was the practical result of a political agreement on a vital question, which had already emerged earlier and had been foreshadowed in Gustav Heinemann's election to the federal presidency.

I repeat: the starting point of the new majority of 1969 was not coalition negotiations and integration strategy capable of attracting a majority of the voters, but a policy concerning a vital national question.

The starting point of the new parliamentary majority of 1 October 1982 consists of a common policy of CDU/CSU and the right wing of the FDP for the supposed overcoming of the economic and financial crisis through budget cuts at the expense of social benefits, whose initiators proclaim that it is supported by the majority--but many of them hesitate with good reason to test this majority outside of parliament. As starting point for a new majority to the left of the Kohl government it is not enough to simply reject their reactionary social prescriptions; a concrete and understandable program for economic revitalization, overcoming mass unemployment, and social consolidation, is needed.

The Munich SPD party congress rightfully concentrated on this question by adopting an employment program. Genscher and Lambsdorff took this question as a pretext for wrecking the coalition. But despite the appearance of the Hesse elections, there is not yet a "left" majority on this question. The Munich resolution had no impact on public opinion: the only thing the average voter heard or read about it is that the SPD wants higher taxes--but not how it wants to stimulate the economy.

A well thought out and understandable concept of how to overcome our structural crisis and mass unemployment has yet to be created: it must demonstrate how investment in meaningful places can be promoted through furthering alternative energy sources, energy-saving and ecological technologies, and through adaptation of our economic structure to the world-economic shifts in labor division; not in order to stimulate just any kind of, or statistically maximum, growth, but a qualitatively directed growth, and to overcome the present misery of unwanted zero growth. It must also provide realistic proposals on shortening working hours without full compensation of real wages, with simultaneous agreement on "investive wages" in accordance with the labor unions. Only through wide popularization of such an economic and employment policy can we create positive confidence--beyond the shock effect of our opponents' program, which favors us at the moment--that the Social Democrats know how to resolve the crisis now that they are no longer hampered by former allies turned conservative. Only in this way can we attract disappointed FDP voters in the long term, and regain permanently and in large numbers [our] original voters who have been mobilized in recent weeks, but who had become indifferent or had voted for the CDU. And only in this way can we build up a sufficiently strong position to enable us to influence large sections of today's "Green" voters.

II. Of no little importance is the lesson from the Hesse elections that there, not only the CDU but also the Greens fell far short of their expectations--and that in the state of 'starting point West'. The Bavarian elections and the latest polls show a similar, at least temporary, abating of the "green wave". The pronouncements by some prophets, which at times sound so plausible, that without an approach to the Greens the SPD would be doomed to a permanent backslide to the 30 percent line or below, seem rather odd in view of the latest elections--an interesting example of the danger of uncritical extrapolation of polling results without further analysis. For the rejection of the Greens in Hesse was not due to a policy of rapprochement by the SPD, but through the effect of Helmut Schmidt's political exertions and the firmness of Holger Boerner (and that despite some verbal lapses by the latter). What really happened is obvious: a segment of the Greens' voter potential, in view of the Bonn crisis, realized that there are more important political subjects than the Green shibboleths. As the reactionary and antiliberal traits of the Kohl-Lambsdorff government emerge more clearly, more of the young Green voters--who have only had the experience of a government led by Social Democrats--will notice that decisive matters in the life of a democracy change when the leading government party changes--that it is not irrelevant who governs "up there", as so many of them flippantly said, in their state of alienation from democracy. This change is a visual lesson of the functioning of democracy. It is our foremost duty to Green voters to point out these lessons to them.

It is also a part of this, that through the necessary discussion with [political] minorities we are not deflected from concentrating on the vital economic and social questions disputed between the two large parties. Policy on ecology is an important partial question in this framework; the social-liberal government had taken significant steps in the right direction, and our economic program must provide more such steps in this sense as proposed by the commission on "ecology and economy" under Volker Hauff. But it is not a question which is seen, isolated, as a vital question by the majority of voters, and the SPD would be ill advised to follow this ideological exaggeration of the Greens.

Even more so, the Social Democrats would be wrong if they were to take the initiative in making the peace policy a central theme of their opposition, in order to make points with the peace movement. The nation's majority approved the peace and security policy of the Schmidt government as clearly as did the majority of delegates at the last two SPD party congresses, and the peace movement propaganda for unilateral armament cutbacks, with due respect for their motives, has remained a minority movement for good reason--in the nation and within the SPD. Even the new federal government so far shows no inclination to deviate from the past peace and security policy--it, and Herr Genscher particularly, are only waiting that we abandon it. Of course, this situation can change. The statements by some U.S. spokesmen, that the Soviet Union would not negotiate seriously before deployment of the new U.S. intermediate range missiles has started in Europe, may be based on the past attitude of Soviet negotiators. But they also show a dubious tendency to accept this attitude as natural, and a lack of effort to overcome the stalemate in the negotiations through one's own flexibility. It remains the task of German Social Democrats to continue toward both sides of the policy of urging for success in the negotiations--and to pin down the new federal government to continue these urgings. A failure of our peace and security policy aiming towards a negotiated arms balance at a lower level, is quite conceivable. But it would be absurd to suddenly adjust our policy in expectation of this failure, only because we are now the opposition [party] in the Federal Republic.

III. The fact that we must concentrate on the vital questions of employment, economic and social policy in our efforts to gain a new majority and must not be distracted from this major task by wooing minority groups, naturally does not mean that we should ignore such minorities in principle, or even treat them as foes. This is least controversial in the case of the social-liberal wing of the FDP, which wants to maintain our common traditions and, on the whole, wants to continue the policies of the past coalition. In view of the difficulty of ensuring representation of this wing in future parliaments if it comes to the disintegration of the FDP in its present form, it could be advisable to offer a number of their exponents a place on the Social Democratic lists* without making it a prerequisite that they join the SPD: this would not be "integration", but a form of cooperation, adapted to the present situation, with those segments of that party [FDP] faithful to the coalition.

* Not in "safe" voter districts, in which their acceptance by Social Democratic voters would not be certain.

Cooperation with the Greens, or segments of them, is presently more difficult because, among many of them, their basic attitude towards parliamentary democracy and its defense is unclear. Also, for many of them the employment problem is less central, since in some areas they consist primarily of independent farmers, in others of employees [who cannot be fired] in permanent public jobs. But they can be as little indifferent to the need for a general stimulation of the economy and the securing of a climate of freedom as to a general attack on the social [safety] net--one only has to call to mind the importance of *Bafög* [*Beamtenförderungsgesetz* = law promoting civil service] for large sections of young voters. What was said further above about the clarifying effect of experiencing the change in government, especially on young people oriented toward the "Green" party, can take place in many different ways, and we are only at the beginning of this process.

The most important contribution which Social Democrats can make to this clarification process consists of the willingness to have factual, public talks with the new "Green" representatives in the parliaments. The immediate goal of such talks will usually be the sounding out of possibilities of temporary toleration by the Greens of Social Democratic minority governments, such as in Hamburg during the past weeks, and perhaps tomorrow in Hesse and elsewhere. But it is essential that such talks can be politically useful even if they do not lead immediately to agreement on such toleration: What is important is that Social Democratic representatives conduct them flexibly when it comes to details, but do not accept demands which are incompatible with Social Democratic principles--so that the Green representatives must lastly face the choice between dropping such demands, or the prospect of new elections due to their intransigence, as happened in Hamburg recently.

Such talks have nothing to do--not yet--with "integration"; rather, they must advance the clarifying process among the Greens, which is a prerequisite for eventual integration of some of them. It is my impression that the Hamburg talks were conducted on the Social Democratic side with the correct mixture of willingness to compromise in details, and firmness on questions of principle, and therefore--quite independent from the immediate result--have served this clarification process among the Greens. If the Social Democrats were to make concessions on principles in such talks, for the sake of temporarily maintaining regional positions (which they did not do in Hamburg, and will not do in Hesse), they would make more difficult the regaining of original voters and the clarification process among the Greens--and thus the formation of a new, positive majority.

IV. Even with correct Social Democratic policies, the creation of such a positive majority will not be easy and will not succeed rapidly, in all probability. But it can succeed if we establish the right priorities. The election in Hesse has shown how many, already "lost", voters could be mobilized when the central questions of employment, economic stimulation and social security were clearly focused; and their number can increase further if our positive program for solving these questions becomes more precise and more clearly visible. The FDP crisis of existence demonstrates that the reactionary domestic and right wing political measures to be expected

will permit the mobilization of additional protest potential. The disputes among the Greens show that their entry into the parliaments confronts them everywhere with conflicts between their ideology and the practical expectations of their voters, and that for this reason a further growth of the "Green wave" is doubtful in view of the new federal government. Let us put the central questions clearly in the foreground--the attraction for SPD voters and also the "integrable" former adherents of other [political] orientations will follow!

9917

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ANDROPOV DISARMAMENT OFFER UPSETS KOHL'S CAMPAIGN PLAN

Hamburg DER SPIEGEL in German 3 Jan 83 pp 30-31

[Article: "Nothing Has Changed?"]

[Text] Andropov's disarmament offer upset the election campaign concept of the Christian-liberal coalition.

Ronald Reagan was pleased to hear the promise: During his first visit in Washington in the middle of November, Helmut Kohl gave the assurance: The 6 March election in his homeland would also be a vote in support of the NATO double resolution and for the stationing of new U.S. nuclear weapons in the Federal Republic of Germany.

But Yuri Andropov's Christmas present upset the beautiful election campaign concept of Bonn's Christian-liberal coalition.

To be sure, Hans-Dietrich Genscher, Kohl's companion, rejected Moscow's disarmament offer immediately and in consonance with Washington, London and Paris.

The offer is not acceptable "in its present form," which calls for the reduction of Russia's own SS-20 missiles to the number of French and British nuclear missiles if the United States, in turn, would forgo the stationing in Europe of "Pershing 2" and cruise missiles. For domestic consumption, however, the reactions were considerably less harsh, because the German conservatives are beginning to realize that their voters might not be satisfied with a simple no to the offer made by the head of the Soviet communist party.

According to an opinion poll conducted by the Munich Sinus Institute which has been kept under lock and key in the chancellery, 54 percent of the CDU/CSU voters and 70 percent of FDP sympathizers are in favor of postponing the placement of new medium-range weapons in the FRG in case the Geneva disarmament negotiations do not lead to an agreement between the United States and the USSR by the fall of 1983, the proposed date for stationing the weapons.

A cabinet member admitted that the reaction to Andropov's offer had "not been coordinated by the government." And it was noticeable.

One of the first ones was Juergen Todenhoefer, a member of the CDU, who said that the proposals had "changed practically nothing." Minister of Defense Manfred Woerner was more careful when he said that the offer from Moscow did "not" go "far enough."

Following the first no, the minister of foreign affairs even discovered some positive aspects. The Soviets, Genscher said, apparently departed from their thesis that "in view of more than 1,200 warheads on approximately 600 Soviet medium-range missiles a balance already existed right now." It is "a step in the right direction" if Andropov is taking into consideration the Western concern about the Soviet SS-20 weapons.

Even Alois Mertes, Genscher's CDU minister of state, advised: "The West will first have to examine the offer thoroughly."

Nevertheless, intermittent statements like these have a tactical purpose. In a country whose population views nuclear weapons with much more apprehension than, for instance, the British and the French do, Mertes realized that "the climate must be taken into consideration from the pedagogical standpoint." His conclusion: "The West must learn to master the art of presentation more effectively." After all, Soviet propaganda is also playing several tunes at the same time.

Analysts at the Foreign Office are playing down Andropov's advance, calling it a cleverly contrived maneuver and a "renewed attempt to influence the Western public against the double resolution."

In a confidential working paper, Friedrich Ruth (CDU), Genscher's disarmament delegate, wrote about the pros and cons of the Andropov offer. Ruth's detailed analysis is identical with thoughts that are secretly expressed in Washington: The stationing of Pershing and cruise missiles is certainly more important than efforts in Geneva to come up with solutions which will make such weapons superfluous.

The hardliners in the Foreign Office are praising the fact that Andropov presented his disarmament proposals "quite objectively and relatively unpolemically," nevertheless, they are "unsuitable" for promoting any progress in Geneva.

The Ruth analysis contains a detailed listing of those points which are moving in the direction of Western requests and those points which do not meet this criteria. The negative factors predominate. One of the positive aspects is the Soviet admission that there is no eurostrategic balance at the present time. The Foreign Office analysts made the following notation: It is possible that the USSR is finally recognizing the fact that its medium-range missiles are a definite threat to West Europe.

In addition, there was praise for the Russians because they apparently withdrew the idea of a moratorium on the stationing of medium-range weapons during the Geneva negotiations.

According to the Ruth paper, one of the particularly negative aspects is the Andropov proposal to balance British and French medium-range weapons with Soviet SS-20 missiles. One of the Foreign Office officials was indignant. "It amounts to a ban on counterarming for the Americans." The conclusion by the Foreign Office: Moscow wants to continue its current policy and strengthen the Soviet monopoly with respect to medium-range missiles. "The goal is still the dislocation and the removal of the Americans from the European continent."

The uncertainty which has befallen the coalition because of the new tune from Moscow comes at an opportune moment for the Social Democrats.

First Hans-Jochen Vogel, the candidate for the chancellorship, hesitated to play up the missile topic during the election campaign: The SPD could easily lose its credibility if it renounced positions which it had established while it was the party in power.

Even Erhard Eppler was afraid that the SPD's weakness--not being able to state publicly whether it was for or against counterarming--was being exploited on the right by the Union and on the left by the peace movement and the Greens: "It will cost us 2 or 3 percent on 6 March."

Now, however, the SPD sees a chance to present itself as the party willing to negotiate. Party leaders unanimously regretted the fact that Andropov's proposals had met with "rash rejection" (Hans-Juergen Wischniewski).

Party Chairman Willy Brandt placed "much importance" on the suggestions of the secretary-general. And Vogel voiced the opinion that the USSR had abandoned its initial position and was moving toward a more realistic attitude.

The warning to Washington is loud and clear. Its insistence on a zero solution must be moderated. If the Americans stick to their current position, it would be adequate proof for the Social Democrats that "the United States wants a piece of Europe" (Brandt).

During this week and next week Vogel will personally appear first in Washington and then in Moscow to explain the SPD's position on counterarming.

Details of protocol clearly show where the guest is more welcome. Whereas the Americans are still debating whether he should be received by Reagan, Andropov has already prepared for the visitor. A Soviet diplomat: "We will treat him like a man who may become chancellor."

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CSO: 3620/180

CRITICAL ANALYSIS OF GREENS' ECONOMIC PROGRAM

Hamburg DER SPIEGEL in German 10 Jan 83 pp 34-35, 38-40

/Article by Wolfgang Kaden: "Apples Instead of Oranges, Grundig Instead of Sony"/

/Text/ For some it is a dream, for many it is a nightmare: On election Sunday, at 1840 hours, the Second German Television Program is announcing the first projected results of the election for the 10th German Bundestag. Before the figures were made public, Dieter Zimmer, the producer, made another check with the experts of the research group for elections, but they swear to it that the computer did not go crazy: The Greens got almost 50 percent of the votes, which constitutes an absolute majority.

Four weeks later, Rainer Trampert, one of the acting chairmen of the Greens, is elected the seventh chancellor of the FRG. The Greens can start to implement their economic program and make it the official FRG policy.

Of course, the first thing they will do is turn off all nuclear power plants and halt the construction of the fast breeder in Kalkar as well as other nuclear installations. Special machines will tear up the concrete on the west runway which has just been graded. The construction workers who have been employed at the Rhine-Main-Danube canal have to stop their work.

The Green majority will revoke all of Bonn's austerity laws; public school and university students, renters and retired people will profit from the change.

Lufthansa will be prohibited from continuing its inner-German commercial flights by its major stockholder, the FRG. Road construction companies have to stop immediately the building of highways and instead pave bicycle paths.

The above and many similar actions will not take place. The Greens will probably get above the 5-percent minimum on 6 March, but maybe not; and they will be glad that they do not have to govern. Because an economic program like the one which the Greens want to adopt next weekend in Sindelfingen can only be written by someone who has no intention of exercising political power.

Wherever the Greens have entered elections to date, the campaign strategies used by their candidates primarily consisted of biting criticism of existing conditions--a working society dependent on excesses of growth percentages, on the blind destruction of nature, the use of diabolical technologies like nuclear energy, the waste of raw materials which are available in limited quantities.

The criticism was not new. During the 1970's, beginning with the 1972 Club-of-Rome report on the "Limits of Growth," complete libraries were filled with books expressing doubt whether the technological society and the growth economy have a future.

The principal thesis, which is being recapitulated by the Greens, was the same everywhere. In 1950, a 1-percent economic growth produced additional goods valued at DM 1 billion. Today, an additional percentage point contributes DM 15 billion in additional goods and services. A real growth of 6 percent would be required to eliminate unemployment, which means that within the next 12 years the amount would have to double of annual increases in production.

An economic growth of such dimensions was still desirable in 1920 or 1950 when the standard of living and industrial production was considerably lower. In 1982 it seems inconceivable. To date nature has never tolerated unlimited growth for plants or other living beings. Man will not be able either to accomplish unlimited growth: Growth economies have come to an end.

But what will an economy be like without constant growth? What is going to happen to the millions of people who need employment and who to date have been working only because the production apparatus was continually increased? So far modern industrial economies needed growth. It has to continue. A sudden stop would be deadly.

Cleverly written analyses have provided no clues to readers who are searching for answers to these questions. The sharp criticism of existing policies and the pessimistic blueprints for the future are not followed by a conclusive alternative concept which can be utilized politically and economically.

There were attempts. The Social Democrat Erhard Eppler ("End or Change") outlined structures of a society that does not have to be wasteful to employ its members. A Swiss team of scientists under the leadership of St. Gallen's economics professor Hans Christoph Binswanger drew up "Ways Out of the Prosperity Trap," a model of a no-growth economy which is partially discussible, partially completely removed from reality.

The big hit is still outstanding and it will probably remain so. Economies cannot be planned at a desk.

It is possible that the program planners of the Greens noticed it themselves. They are emphasizing the fact that their work is a "proposal for discussion." Even in this respect the Greens are different: Parties that enter election campaigns normally debate and settle their ideas for programs before the election campaign begins. As far as the Greens are concerned, the discussion is just beginning, since the election campaign is in full swing and they are being asked about a program.

There are reasons. Putting together programs is hard work for every party but even more so for a group which in spite of its basic Green conviction is composed of as many different movements as is the party of Petra Kelly and Thomas Ebermann. Not only embittered former Social Democrats, not only convinced environmental protectionists, not only opponents of nuclear power and critics of growth found refuge in this group. Many Marxists and communists also joined, ideologists and fighters who were politically unsuccessful in their former communist groups.

The Marxists made sure that the Greens submitted a program which contained a good mixture of ecological and socialist doctrines. The inevitability of socialism, which in the past was always explained as the inevitable collapse of capitalism, is now based on a new concept by the third power in the German party system--on ecological necessities.

The eco-socialists believe that they are not able to do anything for the enslaved people in a growth economy marked by division of labor and against the exploitation of nature--with a reasonably well functioning competitive economy, with private ownership in production means, with open borders for goods and capital--as long as the current system exists. "The basic conditions of capitalist production, wage labor, power of people over people" must first be abolished.

But it is not clear and there are no explanations anywhere why, of all things, the so-called capitalist production process is hostile to man and nature--as if any past attempts of socialist production had produced less alienation of man from his work, less use of power, less waste of resources or less destruction of nature. So far the real existing socialism has done more in all of these categories, a great deal more. There is one exception, the supply of goods, which was much lower.

The draft for the Sindelfingen party rally of the Greens states that "production means," "banks," as well as "land and property" are to be converted to a different set of "ownership conditions." It would certainly result in a "complete restructuring of this social system" something which is openly stated in the draft.

Such statements and intentions do no longer have anything to do with Green politics as seen by many citizens who are concerned about nature and the environment. What is happening is that stale Marxist ideologies are offered for sale in a new wrapper.

In the opinion of the authors of the Green program, "production that is only interested in the increase of profits," is responsible for the destruction of "natural living conditions." The question might be raised: What criteria other than profits are to be used to measure industrial production? Only profits, respective losses, show whether production is economic--whether costs do not exceed profits and whether products are in demand. Profits are a measuring device of success. Abandoning this measuring device would be equal to an institutionalization of mismanagement.

The paper continues in the same manner: "Those who are directly affected" are to decide in the state of the Greens, "what is to be produced and how and where." But who are "the affected" who are to decide about the "what"? Anyway, who determines what goods are "harmful" and which are "meaningful"?

It is not likely that consumers and producers will be considered for this delicate task. In the Green country it is to be decided by way of "self-administration." The authors do not yet know how it will function.

What would happen in practice is that in the end an enormous bureaucracy would decide about what kitchen utensils or food items, what articles of clothing or means of transportation are to be produced.

The fact that environmental compatibility can also be attained with measures employed by the market economy is totally ignored by the eco-socialists.

There are, for instance, "environmental consumption taxes," introduced by the Briton Arthur Cecil Pigou: Such a tax is levied on production which consumes air or water to a particularly large extent.

The proposal by former Minister of Finance Hans Matthoefer would also have been quite effective, according to which the petroleum tax was to be raised substantially: Higher gasoline taxes would have induced even more citizens to make greater use of public transportation; the environment would be protected, the raw material of oil would be conserved.

In their immediate program, the Greens are also playing with such ideas. But they want much more, at least in the long run--for instance, they demand that "the automobile society must end." There is no doubt that the automobile with its noise, its exhaust fumes and its consumption of raw materials is the worst environmental annoyance. But suggesting an "end to the automobile society"--would it not imply the abandonment of the industrial society, turning to an idyllic Green world which is totally removed from reality?

The authors are not concerned with the question, what could take the place of automobile production: "The search for ecologically and socially meaningful production alternatives, while limiting or discontinuing harmful production processes, is not a serious problem."

Only a person who is pretty far removed from the unpleasant realities of current production and marketing practices can argue so frivolously. The Green candidates should listen for a change to reports that deal with the seriousness of the problems that are caused by production changes due to external factors--they should listen to steelworkers in Rheinhausen or Voelklingen, for instance, to executives from Hamburg or Bremen shipyards, to workers from the Munich Agfa Camera Works.

Lately there have also been indications that the Greens want to put an end to international trade and to do it consistently. "We are recommending that the extreme export/import orientation of our economic system undergo a long-term reorientation to the domestic production of supplies." In other words, apples, good German apples instead of oranges; Grundig instead of Sony (if at all); homemade cheese from Mainz instead of Gouda.

The paper continues, even more succinctly: "The export of capital on international capital markets and the international expansion of manufacturing facilities by enterprises is to be prohibited through legal regulations." It means that VW will no longer transfer money for the expansion of its factory in Mexico, German banks will no longer sign loans in Canada.

In economics such a situation is called autarchy. The last time such politics were popular was 40 years ago. It never contributed to an increase in prosperity anywhere.

Perhaps these things are not intended to be taken seriously. But the people who put these thoughts on paper are vying for seats in the Federal Parliament; chances are good that they will be seated and play a key role in the formation of the government. Therefore they deserve to be taken seriously.

Perhaps it would be unfair to evaluate the new force only according to its long-term plans. After all, it offers so-called immediate measures in addition to the part which deals with the basic program, describing the perspective of social changes.

Many passages that deal with fighting the unemployment situation, however, are amazingly similar to the Social-Democratic economic program. Much of it makes sense: The Greens want to reduce the workweek (there is no indication, however, how the demand for full wages for "low" and "middle" income groups is to be financed). They recommend future investments that are ecologically meaningful and create jobs--for instance, the expansion of local public transportation systems or energy-saving measures.

As far as Wolfgang Roth, the deputy chairman of Bonn's SPD parliamentary group is concerned, the troublesome left competition simply copied "from the Social Democrats."

Some of the immediate measures which are offered, however, do not seem to be compatible with the basic principles that were formulated earlier. And some of the remedies that are offered to the voting citizens as therapy against unemployment and "social cuts" are contradictory.

"In the FRG and the other industrial nations," we read, there is "not too little industrial production but too much." Too much? If recipients of educational grants or child support payments and pensioners are to be treated in a manner envisioned by the Greens, they must be able to buy something for their money. But if fewer goods are produced, store shelves will probably be empty in no time.

The people who were harmed by the Christian-liberal government and who were promised that their standard of living is to be preserved by the Greens, will not fare any better when a simple redistribution from the top to the bottom is to go into effect. Higher tax rates for top earners, a tax surcharge, increased taxes on capital income--these measures may give the appearance of social justice, but they will not raise the billions that are needed for social budgets.

"Drastic cuts in the expenditures for state representation expenses," which are demanded quite touchingly by the Greens, will not provide the funds either. A "cut in military spending" would help more, but it would mean that the FRG would have to extricate itself from its Alliance obligations.

"Fiscal obligations as such do not exist," the authors of the Green program write happily. But even the Greens will have to come up with a budget; the basic rules of arithmetic also apply to the Greens.

But much of the charm of the Greens lies in the fact that they persistently refuse to present any figures and data, the fact that they are building their antiworld with relentless cheerfulness and consistent disregard for accepted political rituals.

The established parties, especially the Social Democrats, had missed the boat by the end of the 1970's--they were no longer able to relate to the young citizens who did not know what to do with the values of a society that was oriented toward productivity and work, they could not relate to those who started to think and who were no longer satisfied with the repetitive ways and the same old recipes for growth, to those who felt ecologically damaged and for whom a higher income was no longer adequate compensation for the increase in traffic noise and water and air pollution.

Hans-Jochen Vogel, the Social-Democratic candidate for the chancellorship, made the following statement about the Greens, and probably it is indisputable: They lend "expression," Vogel said, "to the vitality of a group, which is by no means a small one, and the appeal goes far beyond the Green and Alternative domain."

These citizens will probably not object to the Marxist dislocation of the Green program, neither will they object to the plans for industrial dismantling or for a Federal German autarchy. And they are not at all disturbed by all the absurdities contained in the program for immediate implementation.

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SHIFT IN SPD'S ELECTION PLATFORM NOTED

Bonn RHEINISCHER MERKUR/CHRIST UND WELT in German 24 Dec 82 p 4

/Article by Lothar M. Marscheid: "A Wobble in the Vogel Line--The SPD Election Platform Moves Away From Helmut Schmidt's Positions"/

/Text/ The paper-obsessed SPD finally has a leader made to order for it. When Helmut Schmidt was still wheeling and dealing, the party produced its program mainly to feed the shredder. This is not the case with Hans-Joehn Vogel. As far as he is concerned, programs are to be "re-examined," to make sure that "word and deed go hand in hand." That was his promise to his comrades.

The chancellor-candidate does not have to worry about being taken at his word. The draft election platform for the Bundestag election which the party leadership approved unanimously and which is to receive its official blessing on 21 January by a special party congress in Dortmund, runs true to form in its non-committal wordiness: lots of polemics, even more commonplaces, few specifics.

Practically every one of the 39 pages contains denunciations of the Bonn "rightwing coalition's" abominable performance. But there is little about planned remedies. There is a demand for a "comprehensive employment offensive," but the program is essentially silent on how this would be financed. It states that the economic crisis cannot be overcome "unless everyone makes sacrifices." However, the paper fails to deal with the question of where cuts would have to be made, nor does it mention earlier Union opposition programs. The Social Democrats have been quick to learn their new role.

The platform was drafted by a commission chaired by former FRG Minister of Justice Juergen Schmude. The chancellor-candidate was an eager participant of these sessions. A few passages were taken verbatim from his maiden speech before the Kiel national conference. It was then, last November, when Vogel's tightrope walk started between Helmut Schmidt's political heritage and the party rank and file's leftward drift inspired by Willi Brandt. The gradual departure from the continuity of social democratic government policy became apparent in Kiel not only through vague pronouncements concerning security policy, but also through casual references to the "peace movement" as "comrades."

At first glance, little of this becomes apparent in the election platform. The "peace movement" is not specifically mentioned, nor is the Green party. So as not to offend anyone, the authors made an obvious effort to avoid making any statements which could be interpreted as a "red-green" rapprochement. The organization of the platform draft is remarkable too: it starts out with a chapter on labor; peace and security policy is relegated to the back pages.

The document nevertheless contains sufficient attractions for the Greens and the alternatives. Much space is devoted to environmental policy (under the lyrical heading of "Making Peace With Nature"). It contains the obligatory denunciation of the Rhine-Main-Danube canal as well as the demand for instituting the right of bringing class action suits. The growth topic is considerably hedged about. According to the platform, atomic energy must be employed only "to supplement coal," while at the same time reserving the possibility of eventually doing away with nuclear energy altogether." Now that it is freed of the responsibility to govern, the SPD sees a decreasing need for endorsing nuclear power as could be seen recently when the Bundestag fraction came out against the fast breeder reactor. Hans-Jochen Vogel is said to have suggested this decision to the fraction.

While in the environmental area the election platform reiterates old program demands only in concise form without elaboration, new ground is being broken in the chapter on security policy. Even at the Kiel congress the chancellor-candidate had departed from the formula about the equivalent priority of both parts of the NATO dual track decision, which had been maintained with much effort by the Schmidt regime. ("Our emphasis lies on the negotiation part.") This deviation is now being forcefully continued.

Surprisingly, the term NATO dual track decision is nowhere to be found. It appeared preferable to mention the Geneva Eurostrategic talks in abstract terms. This obviates an embarrassing reminder of a treaty obligation incurred by a Social Democratic FRG government. The former chancellor is only mentioned in connection with disarmament ("Without the input of the Helmut Schmidt government the Geneva negotiations about Eurostrategic missiles would never have gotten started").

According to the platform, the objective of the Geneva talks is to "dismantle Soviet missiles so as to prevent the stationing of new U.S. medium range weapons." The missing article "the" (Soviet missiles) makes it clear that the SPD has long since abandoned the zero-option, for which Schmidt had so valiantly fought. It is remarkable also that the passage totally omits any mention of the establishment of parity as a motive for the NATO decision.

One would doubt that the semantically complex, but substantially clear rejection of the dual track decision will make an impression upon the "peace movement." However, this process accomplishes some intra-party objectives. Pressure from the party's rank and file is on the increase to divest itself of responsibility for embarrassing subject areas after losing government power. The election platform is a clear indication that the SPD's post-Schmidt period has begun. It is characterized by a gradual departure from central political positions while at the same time professing allegiance to continuity. How Hans-Jochen Vogel plans to prevent breaches in the dyke remains to be seen.

MORLOK, DAHRENDORF HOPE FOR RENEWAL IN SOUTHWEST

Hamburg DER SPIEGEL in German 3 Jan 83 pp 61-62

/Text/ The rules' association of Baden-Wuerttemberg is supposed to be displayed as the beginning of a liberal revival at the FDP's Epiphany meeting. Image maker and new political strategist: Ralf Dahrendorf.

The internal revival is to be proclaimed on the Feast of the Epiphany, on Thursday of this week. Once again, image making is promised for this "Three Kings Meeting" of Baden-Wuerttemberg's liberals.

The party congress of the southwest German FDP is supposed to be the initial phase of the national elections' campaign--depending on your point of view, it will either be the last battle or a breakthrough to change. The FDP's general secretary, Irmgard Adam-Schwaetzer, will be making her first appearance. FDP chief, Hans-Dietrich Genscher, and the party's chairman in Bonn, Wolfgang Mischnick, will also appear.

Juergen Morlok, the southwest German provincial chairman of the FDP, has concluded that the FDP can surmount the 5 percent hurdle nationwide only with an "outstanding result" in Baden-Wuerttemberg.

The social scientist, Professor Ralf Dahrendorf, once a liberal forward-thinking planner, ("Liberal Politics for the 80's"), now an FDP returnee and the main speaker at the party's congress in Stuttgart, considers Morlok's team to be the only FDP provincial association still intact, which will have to be "the starting point for new intellectual considerations".

Morlok would like to display his association as a small but distinguished bastion of defiant citizens. The guide posts are so set for the new election of the provincial executive committee and the choice of the candidates for the Bundestag, that moves to the left and/or thematic capors are hardly possible.

The results of the 1980 elections, when the FDP won 12 percent of the vote in Baden-Wuerttemberg (10.6 percent nationwide), must be made to be the spear in the "offensive of the liberals.". (Morlok's slogan)

Morlok is attempting to awaken the strength and stability of the southwest FDP by referring to the faded success, which occurred under FDP etiquette, and by planning for a party congress free of conflict. He faces, in this endeavor, the two wings of his party flapping in different directions and viewing each other venomously. To the right are the old front-liners and conservative liberals, still influenced by the era of Reinhold Maier and the former provincial coalitions with the CDU. To the left, there are the open-minded, younger free democrats who want their party to be nothing more than a dignitaries' club for trade, the middle class and highly-placed officials.

The contradiction has now become personal. Politically, preferably detached, but loyal to drink, is former finance minister Hermann Mueller, 69, who from 1960 until 1969 got along well with the CDU and from 1967 until 1971 was provincial chairman of the FDP. He is to be named an honorary chairman this week.

In conferring the title on "a liberal rooted in his homeland" (Morlok's words), it is to be documented that even the present provincial leadership of the FDP "adheres to the traditionally southwest liberalism" which has always shown an inclination towards the CDU. Actually, Mueller is supposed to lure older voters and frightened sympathizers back into the fold.

For that, Friedrich Neunhoeffter, a professor at Stuttgart's technical college, gave up his 23 year membership in the FDP just before Christmas. Many functionaries and dedicated liberals have left the party the same way. Among them: John David Williams, hitherto the county (Kreis) chairman in Heidelberg and for the longest time Morlok's opponent against the policy of adaptation.

Even the former provincial chairman of the FDP, Karl Moersch--a long-time social liberal champion--left the "party of opportunism". The resignation of the Bundestag deputy, Friedrich Hoelscher, who won for his party in 1980 the greatest number of votes in Stuttgart, was especially hard felt.

Neunhoeffter, who while with the provincial FDP took the position of the social democrat, Erhard Eppler, in questions of economics and environment, disarmament, and the politics of the future, had himself elected as chairman of the provincial association of "liberal democrats". This organization of break-away free democrats became a nationwide party in November.

Neunhoeffter's fellow party comrades want to run candidates in the 6 March national elections and "take the place vacated by the FDP in its march to the right". To be sure, the "liberal democrats" expect little more than one or two percent of the vote at home, but that could be exactly the critical margin Morlok needs for his own goals.

At the same time, Morlok, who does not have to worry about his own reelection, has to conduct the election campaign with an executive committee which is pulling in two completely different directions.

Morlok's first deputy will indisputably again be the social-liberal oriented Heinrich Enderlein, who first fought the coalition change in Bonn, then

condemned it and finally demanded the resignation of Genscher as chief of the FDP. Privately Morlok's friend, Enderlein is supposed to make the FDP's younger and leftist voter groups palatable.

To the right of Morlok, the conservative farmer, Georg Gallus, wants to place himself as second-in-command. Gallus has been a spokesman for a change of course since 1976. He has also been the parliamentary state secretary in the federal food ministry of his like-minded comrade, Josef Ertl. Above all, he is available to loyal voters during the election campaign.

The present third deputy, Eugen Martin, a conservative communal politician from Freiburg, is supposed to take charge of the treasury. Helmut Haussmann, the FDP Bundestag deputy, is supposed to replace him. The graduated and certified merchant and opponent of the current alliance in Bonn is to be responsible for insuring compromise on the rightist and leftist executive committee.

Morlok himself is confident that he can strengthen his so-called "historic alliance" between old and young liberals. To be sure, party membership in Baden-Wuerttemberg has diminished since September from 9000 to 8500, but by year's end an additional 260 new memberships were reported.

Neither old nor young free democrats should be angered during the Three Kings Meeting. The proposals of the executive committee up for debate are limited to "combating protectionist measures" in the ECC, the petition of the Federal Government not to draft women, and suggestions for consumer protection and alternative agriculture.

Professor Dahrendorf is supposed to be the trump card of the three day congress. He has been called to participate in the planning commission of the southwest FDP for the provincial parliamentary elections of 1984. Morlok proclaimed that Dahrendorf would contribute to the "integration of the party's liberal tendencies and to the openness of the liberal party".

Dahrendorf, hitherto director of the London School of Economics and now chairman of the FDP's Friedrich-Naumann Foundation in Bonn, argued along side Karl-Hermann Flach for the revival of the FDP and the move to the left 14 years ago. Now he is expected to settle down somewhere half-right.

Dahrendorf, in a sense like Morlok, has recently rejected the labels of left and right; he simply wants "more freedom for more people". Above all, Dahrendorf wants to see this "rummaging around in the past" ended.

POLL SHOWS MOST FINNS THINK COUNTRY HAS TOO MANY PARTIES

Helsinki UUSI SUOMI in Finnish 14 Jan 83 p 2

[Article: "Seventy Percent Wants Fewer Parties"]

[Text] Merger of Conservative Party and Center Party

UUSI SUOMI has conducted a study on public opinion as to whether the political arena should be trimmed down by merging the Conservative Party and the Center Party, for example. We will publish the results of the opinion poll in Saturday's issue.

In Sunday's issue, on the other hand, we will give the opinion of voters on the possibility of merging the SDP [Finnish Social Democratic Party] and the SKDL [Finnish People's Democratic League].

Finns are exceptionally unanimous with respect to the fact that there are too many parties. This opinion was expressed by 70 percent of those interviewed when UUSI SUOMI conducted a poll on this issue.

There is no difference of opinion among the supporters of the various parties on the desirable number of parties. On the other hand, women were less dissatisfied with the number of parties than the men, youth were more satisfied than the elderly, and students were more satisfied than those in the trades.

Finns had a rather definite concept of the number of parties since only 2 percent of those interviewed did not have any opinion at all the issue.

The data is based on interviews conducted by Taloustutkimus Oy [Economic Research Company] in 87 localities with 1,022 Finns over the age of 15.

[See table on following page]

<u>Number of parties are:</u>	<u>Too many</u>	<u>Enough</u>	<u>Too few</u>	<u>Do not know</u>
All	70	27	1	2
SDP	74	24	1	1
SKDL	72	27	-	1
Conservative Party	75	24	1	1
Center Party	73	24	1	2
Women	65	31	2	1
Men	74	23	1	2
18--24 years old	56	39	3	2
25--34 years old	62	34	-	4
35--49 years old	77	21	1	-
Over 50 years old	77	19	2	2
Farmers	74	21	1	3
Workers	70	27	1	3
Intellectual workers	71	26	2	1
Students	55	41	1	2

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PAPER APPROVES OF KOIVISTO COMMENTS ON ROGERS' CHARGES

Helsinki HELSINGIN SANOMAT in Finnish 21 Jan 83 p 2

[Editorial: "Answering Finlandization Concept An Endless Task"]

[Excerpt] Public issues are not effectively dealt with when the premise of action is the prevention of mistakes. President Mauno Koivisto made this statement on Thursday when talking about timely issues at a luncheon for political editors.

But if the study of moral principles requires an increasing effort at home, the problem is at least as difficult in the international arena. The president's warning on inactivity, which can be the result of an excessive effort to avoid mistakes, can be applied to the foreign policy question as far as Finland is concerned.

There is reason to join in the president's advice not to be overly offended by the talk of Finlandization that has become prevalent in the world. Dramatization or hiding one's head in the sand are, however, extremes. Instead of resorting to such extremes, foreign policy issues must be dealt with and the task of those implementing foreign policy includes the clarification of Finland's position in the world.

We must have the perseverance to answer statements made by those who promote the concept of Finlandization from day to day if necessary even though there is a sense of hopelessness in this effort.

On the day his interview was published General Rogers received three official answers from Finland. The president's statement is now the fourth even though the president does not consider the general's interview necessarily worth answering.

An exchange of statements will not turn into a discussion since Rogers speaks the military language of a soldier and Koivisto speaks a political language. The discussion in Finland on Rogers' interview has encountered nearly the same problem of language being used at different levels. Some of the speeches in Finland have demanded that the discussion be conducted in the manner used by Rogers by rejecting civilian language and treating foreign policy problems only in military terms.

The demands to use a militarized language seem to support the fact that in the international discussion the civilian politicians beginning with the leaders of the superpowers have militarized their way of thinking and thus also their use of language. Those who promote the concept of Finlandization also include those who have not militarized their way of thinking.

It is satisfying that President Koivisto spoke in political terms. If his message is even partly understood at the international level, it should be apparent that those implementing foreign policy must continually correct those promoting the concept of Finlandization in the world. This will remain the most essential difficulty of Finland's foreign policy as long as we do not allow it to become based on a militarized thinking.

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KIVISTO: ELECTIONS TO DECIDE BETWEEN SKDL, CONSERVATIVES

Helsinki HELSINGIN SANOMAT in Finnish 23 Jan 83 p 8

[Article: "People Will Decide Between SKDL and Conservatives"]

[Text] The people will determine in the forthcoming parliamentary elections whether they want the SKDL [Finnish People's Democratic League] or the Conservatives in the government according to SKDL Chairman Kalevi Kivisto. The present government base is too narrow for long-term work, stated Kivisto on Saturday in the Joint Council of the SKDL. He mentioned that the SKDL has reason to accept the challenge presented by the Conservative Party that the elections will be government elections.

Kivisto considered that the Conservative Party and the SKDL have been placed in the same position as alternatives for strengthening the government base, which "could very well serve the short-term election tactics and interests of the present ruling parties".

Kivisto named the improvement of employment security and the income security of the unemployed as well as the shortening of the work week as the most important and urgent problems in today's political situation.

Saarto's Explanation Not Satisfactory

Chairman Veikko Saarto of the SKDL Parliamentary Faction presented a short explanation on the events leading to the government's dissolution at the meeting of the Joint Council. Saarto was criticized for poor communication between the prime minister and the SKDL faction, among other things.

According to sources at the meeting Saarto's explanation did not satisfy the SKDL's Socialists in particular. On the other hand, the proximity of the elections has the effect of dampening the desire to be too enthusiastic in investigating events and the government crisis will have to be taken up once again at a meeting of the Joint Council to be held in April.

The meeting of the SKDL Joint Council will conclude on Sunday.

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INTER-PARTY AGREEMENT, DIFFERENCES ON BASES POLICY

Athens MESIMVRINI in Greek 31 Jan 83 p 1

[Text] The American bases will remain in our country, for the time being. Nobody desires or is demanding that they be abolished "here and now"! This is the conclusion which emerges from the deliberations of political leaders and from the obscure commentaries of both the pro-government and communist press.

From this point on, certainly, differences arise in connection with how long they should stay and with respect to the philosophy about their usefulness. With respect to whether or not there is a need to preserve them--at least within an abrogative time period.

The finding that at present not even the communists of Kharilaos Florakis are demanding the immediate removal of the bases marks an end to many years of deluding the people about the national accountabilities of the "damned" who have "betrayed" the independence of our country and "subjugated it to NATO's imperialism," and so forth and so on. And moreover it brings painfully down to earth and into the realm of the "feasible" the visions of the PASOK leader, who for years was orchestrating the shouts of the people from the country's balconies: "Out right now with the bases of death...." The war-cries of the dervishes of national self-esteem and the bravados of these "proud" Greeks are now silent. Harsh reality dictates a more modest behavior.

Of course, once again we will hear fiery words about the struggle "against dependence and subjugation." And there will be an analysis of the new opinions on the usefulness of these abominable bases of death, and the timetable which will be prescribed despite the wailing objections of the "Americans and the reactionary element" will be a "timetable of dissolution" and not of preservation.

And the "rents" collected will not be rents but weaponry.

But the Greek people at last can distinguish all these things.

The New Democracy Party regards the bases as Greece's obligation to NATO, and it wants their preservation as long as there is reason for the preservation of NATO. And of course it believes that their preservation strengthens the country vis-a-vis Turkey, above all indirectly. Papandreu regards the existence of the bases as a limitation on our national independence, but.... But he does not want to abolish them immediately. Last year he was saying that he did not abolish them for general reasons of "national security." The other day he said that:

The justification for their presence is the support they give to the country's security "not from any vague danger within the framework of a worldwide nuclear war, but from the existing 'here and now' danger which is posed for Greece from the Turkish claims in the Aegean."

Florakis himself regards the presence of the bases on our soil as being "unacceptable to the nation," but....

But he also no longer demands that they leave immediately. He wants the bases to leave within a "realistic and reasonably short time." And he knows why he has accepted this formula which is so accommodating to PASOK.

Thus the disagreement between PASOK and the ND is centered on the usefulness of the bases. And both factions believe that at present these bases serve some national purpose. They disagree on details.

They disagree also on how long the bases should remain. The ND links their existence to the existence of NATO. The administration links it to the Turkish threat and the need to strengthen our security. But who can determine for what length of time our national security will need this American reinforcement? Or who can say when the Turkish threat will end? The Turks have been threatening us as a nation for centuries, so why will they stop threatening us after 2 or 5 years?

These are problems which must be faced by the government. It has already burst into proclamations on controls over the bases, controls which the technical experts regard as impossible to administer. We will see eventually what it will decide. And how it will justify its decision to those same masses which were enflamed by this party when it was in the opposition.

As for the attitude of the KKE, this also is its own problem. For months now, Florakis has been supporting the government in a spirit of genuine altruism. Some people place the starting point for this support at the meeting in Moscow during the Brezhnev funeral. Others see an earlier cooperation, but they all speak about "painful trade-offs." The only thing seen by the Greek people is the prodigal repatriation program and the "heretical" interfering by Papandreou in the business of the organs of the West, which is applauded by Moscow. And a few other more secondary matters. They can see also that Florakis is stubbornly seeking (even in yesterday's RIZOSPASTIS) the participating of his party in the government. All else is obscure and unexplained.

And the people are still "waiting for the light."

12114

CSO: 3521/180

GOVERNMENT PREPARES TO ASSUME EEC CHAIRMANSHIP

'Unpreparedness' Condemned

Athens I KATHIMERINI in Greek 1 Feb 83 p 1

[Text] The government is passing through an "identity crisis" with respect to its relations with the European Community, with this crisis becoming even deeper and definitely alarming as the time approaches for Greece to assume the EEC chairmanship (July 1983). This issue is being brought up for debate in the Chamber of Deputies by the New Democracy Party, in an interpellation by one of its deputies, with which:

It is charged that the preparations for presiding in the chair are inadequate, and that this is creating a danger not only of losing the opportunity to push forward on issues of Greek interest, but also of compromising our country in the international arena.

It is pointed out that the "memorandum" procedure has unjustifiably and harmfully slowed progress on the issues, with this being ultimately a dubious process because of the EEC's suspiciousness towards the Greek positions in the sector of political cooperation.

It is revealed that the two principal ministries--Ministry of National Economy and Ministry of Foreign Affairs--are not pushing forward on EEC issues but instead find themselves at loggerheads in connection with the question of which of the two will have what jurisdictions relating to the Community. The one ministry draws up a relevant and urgent bill, and the other impedes the expediting of it.

The Interpellation

The interpellation was presented in the Chamber of Deputies yesterday by St. Dimas, an ND deputy and former minister, who noted the things mentioned above and also pointed out that:

"But aside from the fate of our particular requests (note: That is, within the framework of the memorandum), the ultimate result which may arise from the memorandum is extremely uncertain since our positions in the economic sectors will be negated by our constant formulating of different positions in the sector of political cooperation, a sector in which our partners have a special sensitivity.

"It is obvious that the government is going through an identity crisis with respect to its relations with the EEC, with this crisis becoming even deeper and definitely alarming as the Greek chairmanship approaches.

"Therefore the minister and deputy minister of foreign affairs are called on to answer the question: What substantive activity is the government planning to undertake in the sector of political cooperation?

"If our participation in this sector is going to be substantive, then we can have hopes of achieving a large part of the economic demands of the memorandum. In such a case it is clear that the government has not thereby discarded the very last remnants of an anti-EEC policy.

"If on the other hand our participation in the sector of political cooperation is going to continue to be weak, how does the government intend to defend the Greek positions in the course of the Greek chairmanship?

"The answer to the above dilemma will be decisive also to the stance which the government intends to take on the possibility of its turning to a referendum on whether or not Greece should remain in the EEC.

"In any case it would be useful if the minister of foreign affairs were to explain to what extent the government intends to conduct this referendum, given that in Brussels the impression that there will be a referendum has been strengthened by a recent article in the internal EEC publication O TAKHYDROMOS TOU PROSOPIKOU, from the head of the EEC's information office in Athens, Mr Siotis."

Governmental Changes Reportedly Viewed

Athens ELEVTHEROTYPIA in Greek 31 Jan 83 p 16

[Text] The responsibilities arising from undertaking the chairmanship of the EEC (next July) may lead soon to certain changes in the governmental staff--but without a "restructuring" or very extensive changes. The focus of these concerns is to strengthen the Ministry of Foreign Affairs, but without sensational alterations which would cause shocks to the governmental machinery.

According to reports from reliable sources, three scenarios are being contemplated:

The most likely one is the appointment of a three-membered committee of ministers, which will have all the responsibility concerning the EEC. This committee will consist of Minister of Foreign Affairs G. Kharalambopoulos, Minister of Agriculture K. Simitis, and the person in charge of EEC affairs, Deputy Minister of Foreign Affairs Gr. Varfis.

According to the second and equally likely scenario, K. Simitis--who is intimately familiar with the sensitive dealings within the EEC--will take over as alternate minister of foreign affairs, and the Ministry of Agriculture will be taken over by the alternate minister of national economy, G. Pottakis (the reports about a possible transfer of G. Skoularikis to this post are regarded as unfounded, given that he is considered to have been eminently successful in the sensitive sector of public order).

Finally, the possibility is being discussed, although it is not considered to be likely, that Premier Andreas Papandreou may personally take over the Ministry of Foreign Affairs--in which case the changes will be more extensive (including the promotion of G. Kharalambopoulos to the post of deputy premier, and so forth).

It is believed that such transfers and changes in the government will be done in stages--with the first such changes taking place some time in February.

12114

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ALEVRAS REPORTEDLY ATTRACTS DISSATISFIED PASOK MEMBERS

Alevras Seen 'Savior'

Athens I VRADYNI in Greek 31 Jan 83 pp 1, 14

[Article by T. Athanasiadis]

[Text] In recent days there has been an increasing number of news reports from all over Greece indicating that the deluded and misled voters are abandoning PASOK (with the latest confirmation of this being the recent fiasco of the initial campaigns for "the enlightenment of the people"--with the people showing by their pointed non-attendance that they refused to listen any longer to the government's justifications concerning its failure).

At the same time, deputies in the PASOK movement who are themselves disappointed in the government's decline and the unfortunate actions of their leader are also abandoning Papandreou and are seeking a life preserver in the form of the president of the Chamber of Deputies, Io. Alevras.

Thus Io. Alevras is now developing into a pole of attractive force for worried deputies and officers of this movement, who are rallying around him in the hope that this veteran centrist leader and officer will constitute a life-jacket with which they will be able to save themselves from drowning.

A number of concurring reports state that Papandreou is concerned about the continuously increasing influence of Io. Alevras in the party's Parliamentary Group as well as in the party machinery, and that he is conversant with the fact that a large group of deputies and party leaders with centrist origins is already flocking around this person.

Moreover, reliable reports confirm that relations between the two men are dominated by an open coolness which is being fueled by various incidents, the most important of which is the decision by A. Papandreou to appoint as deputy premier either Io. Kharalambopoulos (minister of foreign affairs) or Ap. Lazaris (in the case of Lazaris, also for the purpose of neutralizing any moves of certain deputies and officers who are reported to be pressuring the former deputy of coordination to establish a party himself).

In the opinion of political observers, by these means the premier intends to create at the highest level of the PASOK hierarchy yet another "pole," in the hope of neutralizing some of the force and influence of Io. Alevras.

According to other reports, this coolness has manifested itself also in connection with a purely formal matter: The offices in which the deputy premier will be located.

By way of his confidant And. Livanis, the premier is trying to persuade Alevras that he should relinquish those offices located on the first floor of the Chamber of Deputies above the offices of the president of the Chamber of Deputies which were used by Akhil. Karamanlis, as minister to the premier during ND administrations. Io. Alevras is resisting, and in fact he advances the argument that establishing the deputy premier in the Chamber of Deputies comes into conflict with the campaign he has been conducting for months now to remove from the building of parliament all services which have no connection with it--a campaign which has been espoused by PASOK.

In their private conversations, leading figures in PASOK take note of the fact that Premier A. Papandreou has many opportunities to cooperate with the president of the Chamber of Deputies. But their most recent meetings were on New Year's Day at Mitropolis and a week earlier at the airport during Papandreou's departure for Paris.

Alevras Denial

Athens I AVGI in Greek 1 Feb 83 p 6

[Text] "Absolutely erroneous and fantastic" was the characterization given by the president of the Chamber of Deputies, I. Alevras, to yesterday's articles about "discontented" PASOK deputies "who allegedly are leaning towards my person as a leader."

Alevras added that the objectivity proper to his office does not permit him to publicly express his political positions. "But this," he continued, "does not mean that I am prevented from reiterating that I have belonged to PASOK since its founding, and that in particular Premier A. Papandreou has had and still has my full support and my steadfast fidelity."

Alevras made this statement in response to yesterday's article in I VRADYNI which said that the president of the Chamber of Deputies "is now developing into a pole of attractive force for worried deputies and officers of PASOK" and that Premier A. Papandreou "is concerned about the continually increasing influence of Alevras in the party's Parliamentary Group."

12114

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ROLE OF DUTCH REPRESENTATIVE ON UN SECURITY COUNCIL

Rotterdam NRC HANDELSBLAD in Dutch 22 Jan 83 Supplement p 2

[Article by Sytze van der Zee: "The Power and Lack of Power of a Non-permanent Member of the Security Council"]

[Text] For the first time this week, the Dutch representative to the United Nations, Ambassador Scheltema, took "our" seat in the Security Council.

Whether and to what extent the Netherlands will have anything to say there remains very much to be seen. Also, a look into the ins and outs of white, blue and pink telegrams.

Until the very last moment it was not clear whether the public session of the Security Council would take place. This would be the first time that the Netherlands, as a new member of the council, would be able to participate, but the council president, Togolese Ambassador Ameya Atsu-Koffi insisted on a delay. The simple reason was that his opening speech was not yet ready. He wanted to make an erudite and flowery speech, which required another night's work.

Because his objections made little impression on the other members, it was ultimately decided that the first public session of the new year would be opened that same day, Tuesday, at 5 o'clock. As a result, Ambassador Atsu-Koffi was forced to give a somewhat more businesslike speech, which still lasted half an hour and consisted primarily of numerous friendly words, addressed to the five members who had left the Security Council as well as to the newcomers.

He was manifestly not much inspired by the Dutch presence, because he could find nothing to say other than that his country entertains close relations with the Hague within the framework of the Lome Convention. The first session lasted two and a half hours, with the sole topic being the UNIFIL [United Nations International Force in Lebanon] troops in Southern Lebanon. Nearly half the time was spent exchanging urbanities, compliments and somewhat belated new year's wishes.

The representative of Malta went the farthest: with feeling he recited poems no less filled with feeling. The main merit of his Nicaraguan colleague was the fact that he managed to avoid the actual subject with nearly admirable

tenacity. In virtually his very last sentence, when it looked as if he had succeeded in his intent, he quickly expressed his solidarity with the Arab people.

Given the many kindnesses and the rather moderate criticism Israel had to swallow, it looked for a while as if the world forum was in fact a devoted, good-natured club of friends. Until the Israeli Ambassador Yehuda Blum got into hot water with the number two man of the Soviet Union, Richard Ovinnikov. Full of biting sarcasm, the sturdy Russian had launched an attack on Israel and its "blood brother, the United States."

After some talking back and forth, the Israeli-Russian debate burned out like a candle. The appearance of the Dutch ambassador to the United Nations, Mr Hugo Scheltema, was relatively brief and businesslike, with a four page speech excluding the introduction, in which he kindly bestowed praise on the Togolese president. Later, Mr Scheltema commented: "On this sort of occasion, you should always use the word skill. Everyone does it and it sounds good."

Drawing up the balance sheet after his first day in the Security Council, he said: "Tense? No, I wasn't tense, but I did consider it quite an occasion. Actually, it is somewhat a matter of sentiment. After having spent all that time looking at the Security Council, then it really is something. (Laughing) Now I also can finally tell my colleagues: 'I can't tell you anything about that.'"

According to him, the position of a member of the Security Council is totally different from that of an ordinary member of the United Nations. With 15 members -- among which the United States, the Soviet Union, France, Great Britain and the People's Republic of China have permanent seats --, the council forms an exclusive club which meets only in case of crisis. On the other hand, the United Nations General Assembly can be approximately compared to the European Parliament: a great many words and the best of intentions, but no real influence.

Mr Scheltema noted: "One of the nice things is that as a member of the Security Council you go from a questioning to a responding position. We have always attended all the council sessions to see what position a country would take and what it planned to do. Now we are there ourselves, and other countries come to see what our position is. A crowning of my career? I do indeed consider it a crowning. In the final analysis, the council is the highest body in terms of peace and security."

As a matter of fact, on 1 July of this year the United Nations ambassador will retire, after having headed the Dutch mission in New York for 5 years. Before that he was, among other things, ambassador to Baghdad, Jakarta and Brussels. From 1973 until 1976, he was in charge of "incidental tasks" in the Hague. One of these was to prepare the independence of Suriname.

The consequence of the retirement will be, in any case, that he will not be able to serve his full 2 years in the Security Council. But instead of that, Mr Scheltema managed to pilot the Netherlands into the council more or less unscathed, and that is also a feat. Unpleasant surprises are always possible

During voting in the General Assembly, as the Dominican Republic found out when it was pushed forward by the United States but had to drop out in favor of Nicaragua. This was a painful experience for the United States, even though they are now pretending that they never really had a preference.

Mr Scheltema said: "In spite of the fact that we had prepared our candidacy well, there were still doubts. Not all delegations are as well prepared as the West European ones. In some capitals we were told that they would vote for the Netherlands, but when we came to their delegation here, it turned out that they knew nothing about it. In the final analysis, quite a number of delegations work here with instructions based on their own recommendations."

The only small disappointment was that the Dutch election took two rounds, which had not been anticipated in the mission's scenario. In the meantime, this has been forgotten again, and in the past few weeks preparations have been made to allow the Netherlands to operate as effectively as possible as a council member. Five diplomats, under the leadership of Mr Scheltema, work specifically on council business.

At the same time, a special Security Council coordinator, Bram Ettema, has been appointed in the Hague, with whom the members of the mission have to make contact when they need new instructions. In principle, he should be on call day and night, considering most sessions of the Security Council take place during the afternoon or evening hours. That is evening and night, respectively, in the Hague.

In addition, the five also have to make reports on council meetings, for which a coding machine is used. A code, consisting of groups of five letters, is used for every telegram to the Hague. Mr Scheltema said: "When you break a code, then the key cannot be used for another telegram. And even if that were the case, it would still not be a disaster. We don't have that many secrets of state here." He cannot remember, for example, over the past 5 years ever having sent on a telegram which was classified "top secret."

Virtually all telegrams fall into the categories "open message," "confidential" or "secret." To make it all even more impressive, the paper used for open messages is white, for the others blue. Pink paper is also used, but this is normally intended only for coded telegrams arriving at the mission from the Hague. This could be new instructions, for example.

Politically speaking, the position of the Netherlands within the Security Council is not an easy one, because it is the only small Western country in that body. Among the five members who had to give up their seats as of 1 January, Ireland, Spain and Japan belonged to the Western camp. The other two were Panama and Uganda. In addition to the Netherlands, they were replaced by Malta, Nicaragua, Zimbabwe and Pakistan, all of which are considered non-aligned.

This is why they were heartily welcomed on Tuesday, during the first session of the new year, by the Russian representative Ovinnikov. The non-aligned countries, which are referred to as the caucus, meet regularly together to discuss their position concerning certain developments. Next, there are the five permanent members who certainly do not operate as a group but who have

one very essential element in common, specifically the right to veto, with which they can drive every resolution into the ground.

As a result, the Netherlands is somewhat floating in a vacuum, partly also due to the fact that the countries of the European Community which are members of the Security Council, do not customarily discuss their position beforehand. "France and Great Britain, for example, so jealously defend their positions as permanent members that they are willing to give information, but not to coordinate anything within an EC context," said Mr Scheltema.

The result is that, in contrast with their colleagues from Eastern Europe or with the group of non-aligned countries, the EC countries will never really huddle together during the preparatory stages, which precede the public sessions. During the first stage, the members consult each other on a bilateral basis, privately, by telephone or during receptions.

"These receptions here are usually routine occasions, where business is transacted," said the Dutch ambassador to the United Nations. "I am not much interested in standing around for half an hour at a reception exchanging pleasantries. Then I see this person or that person with whom I want to talk a minute. In any case, the congress does not dance." One such occasion, for example, was a reception at the beginning of the week, given by the deputy secretary general of the United Nations to greet the new council members.

Mr Scheltema commented: "At that time, I managed to fire questions at a few people about the possibility of lengthening the UNIFIL mandate by 6 months rather than 2 months. After having also talked about this last week, at a reception given by the Finnish delegation, with my Russian colleague Oleg Troyanovski, I had the feeling that it would be 6 months."

The next step is for the president of the Security Council, who in the meantime has also extended his feelers in all directions, to get into action. When he thinks that an acceptable compromise can be reached, he organizes an informal meeting, which includes only the 15 council members, each represented by a delegation leader plus two diplomats. During this meeting, the definitive decision to be taken in stage three, the public session, is "pre-cooked."

These days it is customary for the president to call a public meeting only when a result can be expected. The result is that the members present approximately the same arguments during the informal as well as the public meeting, so that surprises are virtually excluded. This is in contrast with the fifties and also the sixties -- "the times of Jakob Malik" as they refer to it somewhat nostalgically within the United Nations -- when barely any consultations took place. Hence, public meetings often grew into fascinating spectacles with heated debates.

But since the procedure was reviewed, as a result of which the sessions are no longer as entertaining, the public, for example, has stayed away. During the UNIFIL debate this week, the gallery, which seats about 200 spectators and as many reporters, was occupied by at most 10 visitors and 7 reporters. It is true that the permanent United Nations correspondents, who have their own room, can follow the debate via closed circuit.

However, there can be no doubt that the institutions of the Security Council and of the General Assembly are going through a serious crisis. The United Nations has been reduced to a talk machine, which is powerless in case of crisis or wars. They meet, and meet, and meet again. Including the meetings of the 7 permanent United Nations commissions, last year they negotiated, talked, debated for 29,000 hours, which comes down to three and a half years.

In this way, a total of 700 million pages were produced in the 6 official languages: Chinese, English, French, Russian, Spanish, and recently Arabic. The cost of a single page is supposed to be about 500 guilders, which is more than the average yearly income in the 16 poorest countries in the United Nations. But, in spite of all the resolutions and appeals, the United Nations, and specifically the Security Council, were not able to bring an end, one way or another, to the wars between Iran and Iraq, in Lebanon, in the Falkland islands and in Chad.

During the next 2 years, the Netherlands will have to function in this institution, from a rather isolated position and within a body which is doomed to be toothless. Who will lead the Netherlands in the Security Council half a year from now is not yet known. That will have to be decided in the Hague. A diplomat commented: "We'll see. In any case, we're not lying awake over it."

8463

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COMMUNIST NEWSPAPER HAS FINANCIAL DIFFICULTIES

Rotterdam NRC HANDELSBLAD in Dutch 18 Jan 83 p 3

[Text] Amsterdam 18 Jan--The communist paper DE WAARHEID is up against serious financial difficulties. In 1981 the paper suffered a loss of 800,000.00 guilders. Moreover, since the last quarter of last year DE WAARHEID has had to pay off a loan of 2 million guilders to the industrial fund of the press

In order to cope with these deficits, the editors want to improve the quality of the paper. Amongst other steps, they are considering a special Saturday appendix. Moreover, they will try to recruit more subscribers outside of traditional communist ranks.

DE WAARHEID wants to become a paper for the entire left. Currently only members of the CPN [Communist Party of the Netherlands] are editors, but in the future also non-communist journalists will be welcome.

The editors of DE WAARHEID are not planning to economize on the paper. "That would mean a downward spiral," according to Elsbeth Etty, the adjunct editor-in-chief of the paper. She says that the expansion of the reading public envisaged by the editors is entirely in agreement with the decisions made about the paper by the CPN congress at the end of November. By way of compromise, the most recent CPN congress was once again reminded of the editorial articles of association of DE WAARHEID, in which the link between the paper and the executive committee of the party is established. "In the editorial articles of association there is mention of the relationship with the party but not of not being able to have ties with other leftist parties and groups" said Elsbeth Etty, who emphasizes that the new course the editors want to take is primarily inspired by political motives.

Among CPN members, criticism of DE WAARHEID has not in the least been silenced. In the past months the paper has been losing twice as many subscribers as it has been gaining. The annual collection among subscribers, the so-called Christmas envelope campaign, has yielded only 200,000 guilders this time, 100,000 guilders less than last year. Nevertheless, the editors and the directors of DE WAARHEID have faith that the readers will not let the paper go under. "The tie with the readers has always been the unique aspect of DE WAARHEID," said Etty.

CRITICAL EVALUATION OF POSSIBLE CDS SUCCESSORS TO AMARAL

Lisbon TEMPO in Portuguese 13 Jan 83 p 12

[Text] Two weeks after Prof Freitas do Amaral's resignation as chairman of the CDS [Social Democratic Center Party]--it being certain that he will not return to that post at the party's upcoming congress--five individuals stand out as potential candidates to lead the centrists: Basilio Horta, Lucas Pires, Sa Machado, Luis Barbosa, and Morais Leitao. There are good reasons why any one of them might be elected chairman of the Christian democrats. But those most favored are not the ones that one might expect at first glance.

In any case, the question of the party leadership is closely linked to the political strategy that will be adopted by the centrists, and now that they are free of the charismatic figure of Freitas do Amaral, the various groups of opinion existing in the party will lose no time in entering the fray. In another month and a half, we will know whether the CDS is going to choose the reformist path that may transform it into the big center party or whether, on the contrary, it prefers to lean to the right, thus radicalizing its positions and opening up on its left--between itself and the PSD [Social Democratic Party]--a political vacuum that might be filled by the Liberal Reformist Party, for whose establishment Marcelo Rebelo de Sousa tried not long ago to win Freitas do Amaral's support.

Basilio Horta: "Heir Apparent"

Although regarded by many as Freitas do Amaral's "heir apparent" since the disappearance of Amaro da Costa--an idea that he is trying to encourage--Basilio Horta is currently the only candidate whose chances of success seem to be growing smaller with every day that passes.

The behavior of the centrist first deputy chairman has been criticized in many quarters recently, and the members of his party's Executive Committee have not spared him in their remarks. In the opinion of most of the other centrist leaders, Basilio Horta has made too many mistakes and demonstrated a lack of calmness that is hard to reconcile with the traditional political practice of the party on Caldas Square.

It is a fact that Basilio Horta won a personal victory when he "forced" the members of the CDS Executive Committee to ask him unanimously not to resign from

the party leadership. But that move was dictated by circumstances, and it was intended almost exclusively to prevent the "hemorrhaging" of centrist leaders--as it is called on Caldas Square--from spreading to other leaders and excessively weakening the party, which is currently in a crisis. And more than a few felt that Basilio Horta was risking too much in that game. As one CDS member commented with displeasure and apprehension, "He cannot forget that he is not Prof Freitas do Amaral and that neither is his position the same."

Another aspect seems to have annoyed the CDS leaders even more, however, and that is the double-dealing attitude of its first deputy chairman on the issue of forming the new government. Instead of firmly following the line laid down by the party's National Council after reconsidering his resignation, Basilio Horta has been revealing, in the various interviews he has granted over the past few days--centrist leaders are traditionally sparing in their statements--and especially in the notorious "letter" to his party's members, a very clear intention not to forget his personal strategy and to avoid becoming too involved in a government in which he says he does not believe.

Although the current minister of agriculture still enjoys considerable support by the party machinery and many of the party's district committees, where he is regarded as the number one "legitimist," the growing irritation with which his fellow party members have been viewing his attitudes may seriously harm him in the upcoming congress.

His election as party chairman appears quite problematical at the moment, and it will depend basically on two factors: his behavior in the next few weeks and the explicit or tacit support that Freitas do Amaral decides to give him or withhold from him.

Lucas Pires: Suddenly Silent

In a reversal of his usual behavior, Lucas Pires has come to show such discretion and soberness of speech recently that he has risen in the esteem of many of his colleagues. Regarded as the "enfant terrible" of the party on Caldas Square, the third deputy chairman of the CDS is the only one to occupy his post on his own merits rather than by the grace of Freitas do Amaral. Highly regarded in certain sectors of opinion inside and outside the party because of his way of expressing himself and his very individual analyses, Lucas Pires is very well thought of in some district committees and very poorly thought of in others.

His traits as thinker and theoretician of the Right make him somewhat incompatible with the party machinery, whose cadres say it is much easier to construct new political talk than it is to apply it effectively. Perhaps because of that, Lucas Pires lacks a supporting "staff," a fact that certainly works against him.

Representing rightwing nonconformity within the party, he currently seems considerably more interested in winning approval for a strategy for renovating the CDS so as to transform it into the big party of the Portuguese Right than in actually getting himself elected party chairman.

Sa Machado: on the Fence

After being separated from the party leadership a few months ago because of his duties at the Gulbenkian Foundation, Vitor Sa Machado has now emerged as the man of consensus in the party leadership.

Advocating a strategy halfway between those of the other two deputy chairmen, Sa Machado has had the merit of seeking conciliation during a period that is propitious for radical positions. He extended his hand to Basilio Horta when the latter most needed it while simultaneously supporting the need to renovate the party, agreeing in this case with Lucas Pires.

Regarded as close to Freitas do Amaral, Sa Machado nevertheless has two weighty obstacles standing between him and the chairmanship of the CDS. The first is the Gulbenkian Foundation, of which he is director--a position he does not seem highly motivated to give up at the moment. The second is his reputation as a convinced supporter of Eanes, which makes him very unattractive to certain sectors in the party, whose rank and file, incidentally, does not know him very well.

The big "breach" that Sa Machado may be able to take advantage of seems to be the fact that in a sense, he represents the solution providing a balance between Lucas Pires and Basilio Horta and the alternative to a candidate from the party's rightwing. Speaking easily to those on his left, he might do in practice what Lucas Pires wants to do in theory: transform the CDS into a big party of the modern Right. But in his case as well, intervention by Freitas do Amaral may be decisive.

Luis Barbosa: First Among the Ministers

The politician whose rise in the CDS has been most manifest in recent times is Luis Barbosa. Although handicapped by the antipopular policy he pursued in the Ministry of Social Affairs, Luis Barbosa is considered the best of the ministers in the latest Balsemao government and enjoys an image as a very serious politician and an extremely competent ruler--perhaps even as the only man capable of dealing with the economic crisis with a policy of national salvation.

His forthright rise within the party can be regarded as handicapped only by the fact that the policy he pursued at the head of the Ministry of Social Affairs is only now beginning to bear fruit. In addition, Luis Barbosa is not a captivating leader with easy and melodious speech, as many of his colleagues are. But his preeminence in leading the way through the crises in the government and the CDS have given him almost unchallenged authority in the party leadership.

Luis Barbosa's chances of becoming chairman of the centrist party will be at their best if, as many sectors in the CDS would like, the party leadership becomes predominantly collegial in character. In such a situation, Luis Barbosa might emerge as the arbitrator that his competence qualifies him to be. That would make up for his lack of charisma with the public.

Morais Leitao: Rightwing Candidate

Morais Leitao is the fifth candidate for chairman of the CDS, and he will very probably be the party's next chairman if the congress in February approves a turn to the right in party strategy. Enjoying a degree of "charm" with the rank and file, Moraes Leitao might win the support of many CDS district committees just by making a small tour of the country. In addition, as we were told by an outstanding member of the centrist party, "his air of a civilized European is very attractive to the middle class."

Although not personally a radical, Moraes Leitao is nevertheless identified with the party's rightwing, to which he will have to pay sizable tribute if elected.

Although other names may still appear between now and the date of the congress, all indications are that one of the five above-mentioned figures will be the next chairman of the CDS. Basically, two factors will weigh heavily in the final choice. The first is the strategy that wins approval for the next few years, and the second--and perhaps even more important--is the support that Freitas do Amaral does or does not give to one of them, despite the protests from those farthest on the right, who want to keep him silent.

Congress Preparatory Meeting on Saturday

The first meeting in preparation for the upcoming CDS congress will be held in Lisbon on Saturday. Although no definite date has yet been set for the congress, it is already known that it will be held in late February or early March in Porto--in accordance with the rule that calls for alternating between that city and Lisbon. Under the bylaws, the congress will be presided over by Paulo de Vasconcelos, the current superintendent of Mercy Hospital.

Although some of the party's organizations--Centrist Youth, for example--are already preparing the documents they will present at the congress, little is known as yet concerning even their makeup. It is expected, however, that there will be far-reaching changes in the executive bodies and in the actual operation of the CDS leadership body, which is to begin functioning in a more collegial manner.

Also scheduled for next Saturday at party headquarters in Lisbon is a regular meeting of the CDS Regional Coordinating Council, which will analyze the results of the last elections and take stock of the current political situation.

11798

CSO: 3542/27

BRIEFS

CDS' HORTA RESIGNS--Basilio Horta has decided to step down from the chairmanship of the CDS' directing commission, alleging that this commission is unable to function--given the fact that it rarely achieves the necessary quorum--and that the motion for strategy and change of statutes that should have been debated and approved in light of the party's forthcoming congress was being prepared outside the competent organ. With this resignation--which seems irrevocable--Basilio Horta has unleashed a new crisis within the CDS' directorate. A national council has been called to solve it. It will meet tonight in Lisbon and will appoint a commission to manage the party's affairs until the congress meets. [Excerpt] [Lisbon TEMPO in Portuguese 3 Feb 83 p 1]

CSO: 3542/42

PALME HAS CONVERTED CHANCELLERY INTO POLITICAL BASTION

Stockholm DAGENS NYHETER in Swedish 30 Jan 83 p 8

[Article by Dick Ljungberg: "Record Number of Politicians in Government House: Inner Circle Strengthened"]

[Text] Olof Palme has taken a more firm grip on government work than any previous prime minister. His greatly expanded Cabinet Office is even larger than that of the previous government. At the same time the new government has broken a record: never before have so many purely political figures been assigned to Government House as after the government shift in September. The number is now 80, compared with 70 under the Falldin middle government. And the political cadre in the house of power is expected to grow even more. Olof Palme's expanded Cabinet Office has taken a firm grip on the work of government.

The steadily increasing number of political figures--under secretaries, information officers and technical advisers--has long been a subject for debate. The nonsocialists grumbled when at the beginning of the 1970's Palme began to expand the circle around himself. But they did not turn out to be much better themselves.

When the Social Democrats filed out of Government House after their election defeat in 1976, the nonsocialists installed their own people with great enthusiasm, and at the end they were some 20 more than the Palme government had.

And the three-party government, after the election of 1979, had grown to 75 political officials after a few months.

The reason why the increase was so great after the nonsocialist power takeover was naturally because they were three parties. In order to reach agreement there was a doubling of personnel in several departments.

They also established three different coordinating offices. The Center Party with Prime Minister Falldin, the Liberal Party with Minister of Labor Ahlmark, and the Conservative Party with Minister of the Economy Bohman. There they sat and kept watch on each other.

Then it became the Social Democrats' turn to get sour, and they directed their criticism in the Riksdag Constitution Committee against the three coordinating offices. But each government installs the number of officials that it wants.

Five More

The new Palme government now has 23 under secretaries (including Ambassador Maj Britt Theorin), which is five more than the middle government had. The number of information officers is unchanged, while the number of technical advisers has increased from 33 to 38.

There are a total of 16 women in the circle, the same number as the middle government had.

The investigative section--the so-called group of twelve--which the Social Democrats had in the Riksdag during their opposition time, mostly filed right over to Government House.

The trade union movement has also added many people. Per Olof Edin and others have come directly over from LO [Swedish Trade Union Confederation] to the Ministry of Finance, Annie Persson to the Cabinet Office, Ulf Westerberg to the Ministry of Labor and Ingemar Lindberg to the Ministry of Health and Social Affairs. And the old metalworker foreman Bert Lundin is assigned to the Ministry of Industry.

Breaks Record

Comparative figures between the new and the old governments are rather doubtful. Here we have not taken into account the members of the Riksdag who are used as advisers, nor secretaries who are serving as advisers. Furthermore many advisers work only part time.

But it is clear that Palme's new government is breaking the record. In the coming months more political officials are going to be assigned to Government House. The new ministers Anders Thunborg and Mats Hellstrom, among others, have hardly had time to even settle down.

There has been a most dramatic development in Palme's Cabinet Office. A whole new Ingvar Carlsson's futurist group such as was earlier described in DAGENS NYHETER has been established beside the prime minister's office. There are two under secretaries, five advisers, and one information officer.

Each His Own Staff

But Palme has also strengthened the inner circle around him since the previous one withdrew. He now has two under secretaries, nine advisers and two press secretaries, Hans Dahlgren and Staffan Kellerborg.

Ulf Larsson is under secretary for coordination within the government, meaning that he helps Palme as government head. Under secretary Odd Engstrom helps Palme as politician, meaning the more outward directed activities such as speeches, etc.

The two under secretaries each have their own staff. Palme's old speech writers Bill Fransson, Annie Persson and Ulf Goransson work for Engstrom. Lars Liljegren, Ann-Christin Tauberman and Svante Holgersson work for Ulf Larsson.

Inga-Lena Wallin takes care of letters to the prime minister--estimated at 10,000-12,000 per year. Department head Jan Eliasson from the Foreign Ministry is newly assigned as foreign policy adviser, and Krister Wickman is part-time economic adviser.

The advisers, primarily those with Ulf Larsson, are contact men with the technical departments. Among other duties, they go carefully over drafts of bills. There has for a long time been a similar organization in the Ministry of Finance for bills concerning money--as most bills do.

Firmer Grip

With the reinforced Cabinet Office, Palme has taken a firmer grip on his new government than he had over the old one, which he largely inherited from Tage Erlander. During Gunnar Strang's time, mostly under Erlander, the Ministry of Finance functioned largely as a coordinating office. Strang was tight-fisted, and not a little self-willed. And of course he sat on the money box.

Kjell-Olof Feldt does that also, and he is one of the most influential in the government. But he does not have the same central position as Strang.

There is now broad agreement that the prime minister needs a reliable staff around him so that the government's work will be effective. It was otherwise before.

Tage Erlander had only a secretary and an attendant to help him until 1953 when he employed a young man by the name of Olof Palme as a general assistant. Palme was carried on the rolls of the Ministry of Justice as a supernumerary cabinet secretary.

At the end of the 1950's Palme was aided by an assistant secretary, Ingvar Carlsson, who was later succeeded by Leif Andersson, now office manager for the party leadership.

Legend

It became a legend about "politicizing" Government House in 1961 when Erlander wanted to assign Palme as bureau chief for personal service. The conservative press stormed, "The private political fixer and argument whisperer for Erlander should be paid by the Social Democratic Party.

In the Riksdag they took it more calmly. The Constitution Committee had, several years before, recommended that the prime minister should have an effective office for coordination and contacts outward. The prime ministers of the other Nordic countries already had that.

Erlander was, however, doubtful about creating a "brain trust" around himself. "A staff of experts around the prime minister could create a dualism inside internal government work," he said in the Riksdag. That meant that he did not want to step on the toes of the ministers.

But in 1963 he began to revise his thinking. The Wennerstrom affair showed obvious shortcomings in the contacts within the government. Valfrid Paulsson, now head of the Nature Conservancy Board, became the first under secretary in the Cabinet Office. He was later succeeded by--naturally--Ingvar Carlsson.

Not With Strang

The first press secretary was also appointed in 1963. That was Lars Bergquist, now an author and recently named Ambassador to Peking. He, like his successor Ivar Sundvik from STOCKHOLMS TIDNINGEN, took care of press contacts for the entire government.

It was first during the early 1970's that the system of a press secretary in each ministry was set up. In finance, however, there was none. If Strang had anything to tell the public he would do it himself.

The press bureau of the Foreign Ministry has long been in existence, as a service to foreign journalists and ambassadors, among other things. Those serving in that position are career foreign service, and do not serve under the same conditions as the political officials.

But certainly there have been political complications even there. The Social Democratic press officer Lars Lonnback was pushed out by the non-socialists following the power shift of 1976, but now he is on his way back to the Foreign Ministry from TCO [Swedish Central Organization of Salaried Employees].



1. Berit Rollén — en gång press-sekreterare åt Palme — blev statsrådssekreterare i arbetsmarknadsdepartementet.



2. Sören Ekström var chefredaktör för Kyrkans tidning. Nu sköter han kyrkofrågor hos civilministern.



3. Annie Persson var regionalpolitisk expert på LO. Nu har hon flyttat över till Palmes statsrådsberedning.



4. Klas Eklund — ekonomisk forskare — är sakkunnig hos finansminister Kjell-Olof Feldt.



5. Ulf Westerberg — tidigare en av Palmes pojkar — togs från LO till arbetsmarknadsdepartementet.



6. Förra Metallbasen Bert Lundin skall på deltid hjälpa industridepartementet med teknikupphandling.

Key:

1. Berit Rollén--formerly Palme's press secretary--became cabinet secretary in the Ministry of Labor.

2. Sören Ekström was chief editor of KYRKANS TIDNING. Now he handles church questions in the Ministry of Civil Service Affairs.

3. Annie Persson was a regional political expert for LO. Now she has moved to Palme's Cabinet Office.

4. Klas Eklund--economist--is adviser to Minister of Finance Kjell-Olof Feldt.

5. Ulf Westerberg--formerly one of Palme's boys--was moved from LO to the Ministry of Labor.

6. Former metalworker foreman Bert Lundin will help part time with technical procurement in the Ministry of Industry.

9287

CSO: 3650/112

PAPER VIEWS PALME'S OVERTURE FOR COOPERATION FROM OPPOSITION

Stockholm DAGENS NYHETER in Swedish 3 Feb 83 p 2

[Editorial by Svante Nycander: "Palme Wants Help"]

[Text] Yesterday Olof Palme called his own proposal on cooperation with the Center Party and the Liberal Party "a gamble." If it is, it is a quite cautious gamble. Has he not had his hand outstretched for cooperation ever since election night? Has not the Social Democratic Party, as Palme sees it, always chosen to have "as broad solutions as possible" for what the party regards as being "a socially justifiable policy"? Then what does the new and the daring consist of? Palme's unity speech was not linked to any specific issues. That was carefully prepared, but was not presented until the final reply, so that Thorbjörn Fälldin and Ola Ullsten could not ask to know what the cooperation was to apply to.

Is the government beginning to waver in its faith in its own policy? What is it that it needs help with?

On the most important economic questions the government made up its mind back in the fall, without taking any notice of the Center Party and the Liberal Party. It devalued "offensively," which involves an inflation of perhaps 15 percent this year. It broke the tax agreement, threw out the economy resolution, gave away 1.2 billion kronor a year in tax contributions to the trade unions, introduced a new tax on profits, compromised with the communists on taxes and subsidies, etc. Is the ship not on the right course now? If it was all right to deal with these big questions without cooperation across bloc lines, we cannot fail to wonder what has now suddenly created the need of broad solutions. Do Palme's words mean more today than they did on election night?

In a rebuttal just before Palme's speech on unity, Ola Ullsten said: "It is a desirable situation for a government to have the kind of opposition you now have. Take care of that desirable situation!" The words could occasion malicious merriment, but what Ullsten meant was that the opposition is willing to cooperate on unpopular but necessary decisions to reduce the budget deficit of over 90 billion kronor. In most countries the opposition usually has a rather frivolous attitude toward budget questions.

Probably Palme, too, had the budget deficit in mind. We have not much time left to change the trend if we are to avoid what in Denmark is called interest death.

The government can no longer push the problem aside.

The non-socialist governments allowed the deficit to increase for several years because they believed that their policy would speed up economic growth and that the public revenues would also increase at a rapid pace. About 3 years ago they realized the danger of allowing the deficit to continue to grow. After that they more or less consciously went in for decreasing the deficit by direct cut-backs in state expenditures.

The Social Democrats based their election campaign and their claim of having a better crisis policy on the same light-hearted faith that the non-socialists had in 1976-1980. First they would speed up growth (by public spending), then the tax base would increase so that the state revenues could gradually catch up with the expenditures.

In the debate Thorbjörn Fälldin recalled the previous government's warnings. State expenditures increase automatically by 20 to 25 billion kronor a year, while revenues increase by only 10 to 15 billion. What would the Social Democrats do to get a balance?

Now we know that the new government is allowing the deficit to increase by about 15 billion kronor. If it had not raised a lot of taxes it would have increased still more. To the extent that there is room for new tax rises, they will be used, among other things, for the ATP [General Supplementary Pension] system and the employment policy. The budget deficit cannot be attacked by taxes, only by savings.

Ullsten showed by some figures what is happening. Public expenditures increased in 1981 by 22 billion kronor and in 1982 by 14 billion. This year, since the Social Democrats have thrown out the economy resolution, expenditures will increase by 43 billion kronor.

There is nothing surprising about this. For a number of years there have been an abundance of calculations that show how the budget trap continues to close down around us.

If Olof Palme wants to cooperate with the Center Party and the Liberal Party on the budget crisis that is welcome, and such an offer should not be rejected. Had he been interested he could have started such cooperation with the middle any time in the last few years. Now valuable time has been lost, so that the cutback in public spending must be harsher than the center governments had been counting on.

"We are conscious that it is the government that has the initiative," said Olof Palme. Now we are waiting for an initiative.

8815

CSO: 3650/115

MANY THINK PALME'S FOREIGN POLICY CAUSING CONFUSION ABROAD

Stockholm SVENSKA DAGBLADET in Swedish 26 Jan 83 p 9

[Commentary by Lars Christiansson]

[Text] The government's active foreign policy has run into problems. The image of effectiveness in the field of peace policy that has been striven for has not been attained. Instead, a certain confusion has arisen about what the government has in view on certain questions.

Conversations with a large number of informed persons inside and outside the foreign service give a uniform picture of how the Swedish foreign policy during the first 100 days of the Palme government is viewed abroad on many points. The period has placed a number of question points around the course that has been adopted.

The government has more or less innocently gotten involved in the submarine drama at Hårsfjärden and the expulsion of the Russian diplomats--matters that were handled in a way that inspires confidence. But many other problems that have arisen have been self-inflicted. That is how well-informed sources with whom SVENSKA DAGBLADET has talked view the situation.

What happened in one case is in contrast to the consistency and strength that Olof Palme gave evidence of with his statement in connection with the submarine encroachments in Hårsfjärden that Sweden's neutrality will be defended.

The picture of confusion about the new government's view of a nuclear-weapon-free zone in the Nordic region has engraved itself indelibly.

It began with Olof Palme's statement that a nuclear-weapon-free zone should include the Baltic. Later Pierre Schori, under secretary of state for foreign affairs, stated positively that the government considers that the Baltic will be a part of the zone.

Then came Maj Britt Theorin's view that the Baltic cannot be included. Finally the government's current thinking was formulated by Lennart Bodström in a debate in the Riksdag:

"It is the government's view that it is desirable for the Baltic to be free of nuclear weapons. The Baltic should therefore be affected by the zone arrangement, but probably, for various reasons having to do with international law, not be a part of the zone itself."

'Woolly Zone Policy'

In the Danish and Norwegian capitals the new Swedish zone policy is regarded as woolly. The majority of the other western countries, possibly with the exception of Finland, by all indications share that view. From the Finnish point of view it is nice that Sweden has now taken over the activist rôle. It is all good and well as long as the discussion is kept alive. It would be more doubtful if specific negotiations about the formation of the zone came about.

The Swedish government's activity in the Nordic zone question is characterized by experienced diplomatic Sweden-watchers as a policy that is mainly intended to captivate the peace-minded at home. It is also noted that this offensive has not been problem-free in either Denmark or Norway where it is used for domestic political purposes.

The Swedish government should have taken more account of the fact that Denmark and Norway, through their NATO engagements, have chosen a different security solution from Sweden, say the same sources.

New Initiative by Theorin

The surprise at the zone policy was not lessened when Maj Britt Theorin, the Swedish disarmament ambassador, put forth a new initiative. She said in DAGENS EKO that the conservative governments in Denmark and Norway are an obstacle to the nuclear-weapon-free zone, but that the Swedish government's policy has strong support there from the labor movement, the church, and the people.

In the Norwegian prime minister's office Maj Britt Theorin's utterance was noted with astonishment. Both the non-socialist parties and the Norwegian labor movement consider that a nuclear-weapon-free zone in the Nordic region must come as a part of a larger European disarmament solution.

During his trip to the United States, Pierre Schori, under secretary of state for foreign affairs, encountered a markedly friendly and positive attitude in his conversations with representatives of the American administration. Nothing was left of the criticism that was directed at Sweden after Lennart Bodström's speech in the United Nations. It was clear, on the other hand, that the Swedish defense of the central European nuclear-weapon-free corridor was regarded as poorly thought through.

That view is shared by the Norwegian and Danish governments.

The impression that the central European zone initiative was poorly prepared was strengthened by the embarrassment the Swedish diplomats abroad found themselves in when they were exposed to their host governments' questions. They lacked any sort of support from the Ministry of Foreign Affairs in Stockholm.

Palme, Schori in Charge

It may also be mentioned that Foreign Minister Lennart Bodström had not been in on the final shaping of the zone proposal. Disarmament Ambassador Maj Britt Theorin was not one of the inner circle that were kept informed, either.

In many circles in the Ministry of Foreign Affairs it is said quite openly that Swedish foreign policy is shaped by Palme and Schori. The foreign minister has been squeezed out.

The fact that Lennart Bodström has made a number of statements that were "a bit unfortunate" is ascribed to precisely these circumstances. In some cases he has expressed himself in a way that created confusion about what was meant. This is not merely a matter of the so-called Bodström doctrine ("We criticize only actions, not political systems").

In a speech at the Foreign Policy Institute on 16 December Bodström touched upon how foreign submarines that violate Swedish territory shall be dealt with.

On that occasion he expressed himself meekly in comparison to Olof Palme's sharp statement after the Hårsfjärden incident that any foreign power that is thinking of violating Swedish territory must reckon with the fact that the government is prepared to give orders that the submarine shall be sunk.

Bodström's speech led the Ministry of Foreign Affairs to confirm via informal contacts that the prime minister's statement corresponded to the Swedish position.

That type of poor coordination is not good for confidence in Swedish foreign policy. A basic prerequisite for uncertainty not to arise abroad is that no doubts can be read into what different representatives of the government say, according to a highly placed official in the cabinet office.

A summation of the Palme government's first 100 days would be incomplete without a mention of how the government chose to take a position on a controversial question in the United Nations.

In the United Nations Sweden took a position in favor of a GDR-Cuban resolution that prescribed that the nuclear-armed powers should commit themselves not to be the first to resort to nuclear weapons.

NATO's strategy is based on the "flexible response"; i.e., to compensate for the inferiority in conventional weapons *vis à vis* the East Bloc, nuclear weapons may be employed if that is necessary to deter an attack. Against that background the Swedish decision to support an East Bloc position was viewed as a stand against the West.

Submarine on the Plus Side

It is still quite clear, however, that the credibility of the Swedish neutrality policy was strengthened, in spite of everything, by Olof Palme's very strong stand on how submarine violations will be handled in the future. The appointment of the special submarine commission also contributed to underscoring the confidence in our neutrality.

It is also to be noted on the plus side that the JAS [pursuit-assault-reconnaissance plane] project and the armed forces have not been affected to any extent worth mentioning by the change of government.

But there is a certain danger in the course the government has chosen. That is pointed out by several persons within the foreign service. The government's "more active" foreign policy can if continued be construed as an attempt to find the exact geometric center between the positions of the East and West. The government avoids emphasizing the continuity in Swedish foreign policy as much as earlier governments.

8815

CSO: 3650/115

NAVY ORDERS THREE GUIDED MISSILE BOATS FROM WARTSILA

Helsinki UUSI SUOMI in Finnish 13 Jan 83 p 2

[Article: "Three Guided Missile Boats From Wartsila"]

[Text] The defense forces are ordering from Wartsila three guided missile boats, which will be delivered to the defense forces in the years 1985 and 1986.

The value of this transaction, which will come up for discussion in the Council of State today, will be 184.7 million markkas without the sales tax. The price will be tied to the index.

The "light combat boats with a strike force capability" in question will replace present equipment, which will become obsolete in the middle of the 1980's according to a recommendation of the parliamentary defense committee. The displacement of the guided missile boat will be 280 tons and its length will be 45 meters. Its greatest speed will exceed 30 knots.

It is estimated that the service life of the missile boats to be delivered on 1 June 1985, 1 October 1985, and 1 June 1986 will be 2--25 years.

The employment effect of this transaction, which will have a domestic production level of approximately 70 percent, will be approximately 750 man-years.

The Defense Ministry sent an offer for bids on this project on 16 September 1982 to Wartsila only. The ministry is justifying this action with the argument that the shipyard in question has the technical and trade skills required for the construction of such a specialized boat and also the highest level of expertise in the area of military shipbuilding.

This order is being justified by the fact that the development of such a trade skill will promote export aspirations.

The Wartsila shipyard has had an exceptionally large degree of involvement in the planning and development of the prototype of the boats to be procured.

The navy staff considers that it has been able to ensure a reasonable price level for Wartsila's bid and an otherwise relevant approach.

10576

CSO: 3617/60

BRIEFS

BORDER GUARD TESTING BELL HELICOPTER--A Bell-212 helicopter, which was leased for 2 months from Norway for test operations by the Border Guard, arrived on Wednesday in Turku. The 2-week long training course, during which two two-man crews will be trained to use this type of helicopter, will now be accomplished at the Border Guard's squadron. According to Major Raimo Munukka, chief of the squadron, the purpose of the test is to find a suitable helicopter to replace the small 5-passenger helicopter presently being used by the Border Guard. The American-made Bell-212 helicopter has two engines and it can transport even as many as 13 people at one time. A new helicopter is not being sought just for sea rescue operations and not as an alternative to the Soviet MI-8 helicopter, which has been subjected to criticism. No funds as yet have been allocated for the procurement of a new helicopter, but the intent is first to find a suitable type. [Text] [Helsinki UUSI SUOMI in Finnish 13 Jan 83 p 7] 10576

CSO: 3617/60

THOMSON BUILDS RADAR FACILITY AT YMARE, NEAR ROUEN

Paris L'USINE NOUVELLE in French No 2 13 Jan 83 p 26

[Article by Francois Perrier: "Thomson's Radar Facilities at Rouen"]

[Text] It is finally at Ymare, a suburb of Rouen, that the Thomson group is scheduled to install the new unit of its surface radar division.

The successes of Thomson's surface radar prompt it to plan the building of a new plant. Its size (300 workers at the start, 850 in the long run) and its high level of technology (30 percent engineers, 40 percent technicians) are worthy of envy by many other regions.

But the testing needs of the equipment involve special technical constraints: A vast area (about 30 hectares), a site favorable for the installation of tall structures, the lack of radioelectric interference. Mont Jaret at Ymare, a farming village of 300 inhabitants, meets these needs.

The Haute Normandie region has neither research centers nor advanced electronic schools. But the Thomson group owes the region something in some way for the 3,000 jobs that it scrapped in its telephone equipment facilities of Seine Maritime.

The site of Ymare is neither located in an industrial zone nor eligible for the territorial improvement subsidy. But it is located in the electoral district of Laurent Fabius, minister of the budget, who was able already last year to secure the building of AVX in the shadow of the Petit Quevilly mayor's office.

Only action by the regional authorities made it possible to offer Thomson competitive financial terms. Rouen's Chamber of Commerce and Industry is now negotiating the purchase of land sites. It is expected that work will begin in late 1983 and that the unit will start production in 1985.

2662

CSO: 3519/263

BRIEFS

'PIVERT' TUG REASSIGNED--After a 20-year career at La Pallice, the harbor tug "Pivert" has just been reassigned to the port directorate of Brest. The ocean tug "Tenace" was ordered to tow it. With its rudder and derricks secured, all its equipment stowed, the "Pivert" left La Pallice on 25 November 1982 at 1000 hours behind its large sister ship. [Excerpt] [Paris COLS BLEUS in French No 1738 8 Jan 83 p 21] 2662

CHANNEL SURVEILLANCE CENTER REORGANIZED--With the inauguration by the minister of maritime affairs of the new CROSS [Surveillance and Rescue Regional Operational Centers] at Corsen-Ouessant, the advanced element in the surveillance and rescue setup at the entrance of the English Channel has been officially opened close to Le Conquet. A facility which has in fact been operational for the past 2 months, it has now assumed a portion of the missions entrusted until now to the CROSS-English Channel at Jobourg. The latter indeed reassumed jurisdiction starting on 15 October 1982 as far as the limits of the 1st Maritime Region, between the Belgian border and the bay of Mont Saint Michel. But the next significant date of the CROSS-English Channel facility is mid-1983. At that time it will in turn move to brand new premises now under construction: A 500 square-meter terrace and a 32-meter-high radar turret whose peak is about 220 meters above sea level. In the meantime, three special radio stations have been set up at the Gatteville lighthouse, at Antifer, and at Roches-Douvres. They make possible a radio-localization system through triangulation remote-controlled from Jobourg. [Text] [Paris COLS BLEUS in French No 1738 8 Jan 83 p 18] 2662

CSO: 3519/273

DEFENSE CHIEF HAUGE: MODERNIZING ARMY IS FIRST PRIORITY

Oslo AFTENPOSTEN in Norwegian 4 Feb 83 p 19

[Article by Ragnvald Naero]

[Text] "As I see it, it is more important to modernize the army than to buy new F-16 planes to replace the two we have lost." That is what General Sven Hauge, chief of defense, told AFTENPOSTEN. On the basis of the current economic situation, he feels that a certain number of reserve planes are included in the 72 F-16 airplanes Norway has ordered.

The background for the defense chief's remarks is that the air force has lost two of its F-16 planes even before Norway has received the 72 planes that have been ordered. The first F-16 crashed in 1981 after colliding with a bird and later the same week, 27-year-old Geir Haugland died when the plane he was flying ran into a power line near Kjopsvik in Nordland. Against the background of these accidents, the defense system has expressed a wish to buy replacement planes, but on this point General Hauge disagrees.

The defense chief told AFTENPOSTEN there were other things in defense he would give a higher priority than maintaining a fleet of 72 F-16 airplanes. Among other things he said the army urgently needed modernizing. "There is a lack of firepower. We need to make the army more effective and more mobile," he said.

He also pointed out that we need to increase our mobilization stockpiles and that it is high time the air force gets its anti-aircraft missiles.

"As I see it, there must be a certain number of replacement planes in the F-16 package we ordered." But the defense chief did stress that sooner or later they would come into a situation where they would have to buy new planes. But he cannot say now whether those would be new F-16 planes or some other type of plane.

According to FORSVARETS FORUM, a new F-16 costs around 110 million kroner. That cost includes spare parts, repair equipment and test and training equipment. Close to 40 percent of the F-16 program still has to be paid for. All the F-16 planes must be paid for by the end of 1986.

6578

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LESSONS FROM FALKLANDS WAR DELAY HELICOPTER

Stockholm SVENSKA DAGBLADET in Swedish 22 Jan 83 p 9

[Text] The resolution on 1.2 billion kronor's worth of new helicopters for the armed forces over the next 10 years is lagging. Lennart Ljung, Supreme Commander of the Armed Forces, is waiting with a number of orders and offers for materiel in anticipation of an analysis of the budget bill.

A further complication besides the government's economy plans is the experience the British gained during the Falklands war concerning the significance and usefulness of the helicopter. The analyses are now beginning to be completed, and Swedish helicopter experts have gotten to take part in them.

The most important experience the British had was that all helicopters must be capable of being used flexibly. Submarine-chasing helicopters are used, for example, for transporting troops and materiel.

They also took part in rescue work and operated both from land bases and from aircraft carriers. Medium-weight helicopters, which can work in a large number of missions, are given priority for that reason by the British Ministry of Defense. It has recently been decided that the capacity for transport, rescue service, and submarine-chasing shall be doubled.

Many Hours

Their endurance, even in bad weather, was impressive during the Falklands war. All types of helicopter flew a great deal, some up to 270 hours in a month, or nearly 10 hours a day.

Many light army helicopters were shot down by ground fire. The British will therefore study the question now of what support missions light helicopters shall have in the future. This also applies to the antitank function. Of the missiles with which the helicopters were armed, those used against naval targets worked best; eight were fired against small vessels and all hit.

The Swedish army has decided in principle on a light antitank helicopter with development possibilities for heavier missiles and longer endurance. Today the TOW 55 is planned as main armament; other missiles may be considered for the 1990's.

Invitations for offers will go out to five different firms in April, and in July and August the Defense Materiel Administration will recommend the purchase of 30-odd helicopters, including 10 for the air force rescue service. Deliveries will be made in 1985 and 1986.

May Change

First of all a medium-weight helicopter is planned for all three services, but equipped for different missions. In today's planning there is no notion that the 60-odd helicopters that will be bought around 1990 can be used for different missions without special measures being taken. Perhaps the experience of the Falklands may change this view.

Maintenance costs are reduced by choosing two standard types, and the services know this. But they want to have freedom of action until the offers are turned in for both projects. For the time being, antisubmarine work will be done with today's 10 Vertio helicopters.

When the air force turns in its ten in 1990 when the new medium-weight rescue helicopters arrive, the navy will consider whether they can be converted in spite of their age for antisubmarine work. Before that, around 1985-1986, the navy will get a few medium-weight helicopters, which will be tested in antisubmarine work and rescue service.

Rightly exploited, the Falklands war can give the Swedish armed forces an optimal exploitation of future helicopter resources.

8815

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MIDDLE PARTIES DEMAND FEWER CUTS IN DEFENSE BUDGET

Stockholm SVENSKA DAGBLADET in Swedish 26 Jan 83 p 6

[Article by Erik Lidén]

[Text] Both the Center Party and the Liberal Party oppose the Social Democrats' cuts in the defense budget and demand 95 million kronor more than the government proposes for defense in 1983-1984 in a party motion filed Tuesday [25 January].

The middle parties also accept increased pay for conscripts, but only within the inflation compensation given by the defense price index. If the government wants to raise the pay more, a bigger appropriation will be required for the next fiscal year.

This means that the 21-22 kronor that the Moderates and the middle parties are willing to give the conscripts per day fall within the defense price index, while the 23-24 kronor that the Social Democrats want to pay require more money, about 30 million kronor more.

The Center Party emphasizes the importance of carrying out the JAS [pursuit-assault-reconnaissance plane] resolution to make sure of a successor to the Viggen plane after 1990.

Refresher Exercises

The Center Party also touches on refresher training and demands, e.g., more effective refresher exercises for those subject to compulsory military service. It also calls for increased efforts by the compulsory service command to provide meaningful platoon and company training within the framework of large maneuvers. The Supreme Commander of the Armed Forces should study refresher training questions.

The Center Party also supports extra calling up of jobless youth and would set aside AMS [National Labor Market Board] funds for that purpose. Simpler quartering and messing facilities to reduce building costs are proposed in the motion, and also that locally recruited conscripts could live at home during the training.

8815

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PAPER CRITICIZES PALME DEFENSE BUDGET PROPOSAL

Stockholm SVENSKA DAGBLADET in Swedish 24 Jan 83 p 2

[Editorial: "Defense Is Being Weakened"]

[Text] The government's defense bill means in reality that the defense policy resolution is being torn up less than a year after it was passed. The Moderate Coalition Party makes itself the proponent of that position in its party motion on defense.

Undeniably there is a great deal in that view. According to SVENSKA DAGBLADET the Riksdag should in 1982 have gone up to the higher level that the Supreme Commander of the Armed Forces considered justifiable but that none of the parties would accept. What is now happening is that the armed forces have ended up far below the Riksdag's resolution, and even lower than the Social Democrats were planning not quite a year ago.

The government recommends lowering the ceiling by 200 million kronor; i.e., by twice the amount recommended in the party's 1982 resolution. At that time the Social Democrats were 100 million below the Riksdag resolution. In 5 years the reductions now proposed would amount to 1 billion kronor.

What does such a reduction involve? There actually is an answer to that question. Before the party took its position in 1982 on the defense question, the Supreme Commander of the Armed Forces was given the task of studying the development of the armed forces under various economic conditions. One of those studies concerned our defense with a reduction in its budget of 400 million kronor a year. By the Moderates' mathematics, the government with its cutback of 200 million kronor would land at a level 400 million kronor below the 1977 defense resolution; i.e., nearly 200 million kronor *above* the limit that the Palme government now recommends. About this the Supreme Commander wrote at the time:

"The armed forces' possibilities of adapting to the military development in the world around us are limited to a disturbing degree. The risk-taking in planning and executing defense operations is increasing in relation to the schedule level, and this cannot fail to be noticed abroad. The level probably could not provide armed forces that measure up to the tasks and objectives that the defense committee found necessary in 1978."

In other words, with the government's proposal we should not get the defense that is needed to make our alliance-free policy credible. That brings us to the breaking-point, where in SVENSKA DAGBLADET's opinion the Riksdag has only two choices. It can raise the cost limits enough that credibility is regained. But it can also choose the opposite path, namely to reduce costs and objectives, but that is also to declare that the armed forces do not fully correspond to the demands that our alliance-free policy requires.

From SVENSKA DAGBLADET's point of view it would be natural for the democratic parties to get together on a cost limit that would make our alliance-free foreign policy in peacetime and neutrality policy in wartime credible. Even though it may seem hopeless, the pro-defense forces in the Riksdag should try whether it is not possible to get together on such a defense policy line.

As always, the foreseeable consequences count more heavily than cost limitations. The uncertainty increases as discussions of possibilities of saving stretch out.

Some of the Moderates' examples, however, are telling enough. What will become of the planned fifth Norrland brigade? How shall the problem of the eight unmodernized infantry brigades be solved? If the navy sticks to the minimum of 12 submarines, can that hit other branches of the navy? How do the chances look for the needed reinforcement of antisubmarine operations? There are many questions, but those cited are sufficient.

During the time when it was more or less without a head, the Ministry of Defense contributed to the many question marks. They are obviously a burden. They can also become an opportunity, but only under one single definite condition. That condition is that they afford the Riksdag a freedom of action that is exploited in the right way.

8815

CSO: 3650/114

BRIEFS

BRITISH AEROSPACE IN IRAQ--A British air group headed by British Aerospace submitted to Iraq an air defense plan in response to an Iraqi invitation to bid and notably in competition with a French plan. The British plan involves the construction of an aeronautical plant near Baghdad, the cost of which would be in the order of some 1 billion pounds (\$1.5 billion). This plant, equipped with an airport, would produce at the start Hawk training and ground attack aircraft under license from British Aerospace. British Aerospace, the major British aircraft manufacturing company, cooperated in the submission of its bid with several enterprises specialized in major projects (John Laing, Taylor Woodrow, and Wimpey). They have all refused to make any statement in this regard. British Aerospace has already built and equipped an air defense system in Saudi Arabia, whose maintenance it continues to ensure. [Text]
[Paris LES ECHOS in French 14 Jan 83 p 18] 2662

CSO: 3519/273

BRIEFS

NEW FIRMS JOIN PROSPACE--The GIE [economic interest group] Prospace, whose mission is to enhance the exports of French industrialists in the space sector, has seven companies: The Company for the Application of New Electronic Techniques, BNP [National Bank of Paris], Credit Lyonnais, Faugere et Jutheau SA (insurance of the Ariane rocket), Hemet Exploration SA (remote sensing and geophysics), Intespace (space testing equipment), and Spot Image (marketing of space photographs). This year Prospace will develop a project for setting itself up in the United States and creating an industrial, commercial, and economic data bank for the use of its 44 members. [Text] [Paris L'USINE NOUVELLE in French No 2 13 Jan 83 p 30] 2662

CSO: 3519/263

NORWEGIAN SCIENTISTS TO PARTICIPATE IN ARCTIC RESEARCH

Oslo AFTENPOSTEN in Norwegian 4 Feb 83 p 40

[Article by Torill Nordeng]

[Text] In the summer of 1983, 100 western scientists will begin the biggest polar research program to date in the Arctic. A number of disciplines will be represented and basic research will be done in the marginal ice zone north of Svalbard and westward toward Greenland. From 15 to 20 Norwegian scientists will also take part along with experts from eight other nations. Ola M. Johannessen, assistant professor of oceanography, is one of the initiators of what he calls a large and complicated project.

"We have great faith that the project will produce valuable information. There has been thorough planning over a long period of time and each scientific discipline has put strict limits around its tasks," said Johannessen, who felt there has long been a need for such a program. At a meeting in Voss in 1980, plans became more concrete when scientists from many countries met and drew up the first guidelines.

Johannessen has no idea at this time what the entire program will cost eventually. A pilot program will be carried out in the summer of 1983, prior to the main program in 1984. "But we have asked for money and have received it from the most unlikely places," he said. Among the Norwegian contributors are NAVF [Norwegian General Scientific Research Council] and NTNF [Norwegian Council for Scientific and Industrial Research]. Johannessen deplored the fact that so much valuable planning goes into getting money instead of scientific considerations.

As well as the Norwegians, scientists from the United States, Canada, Denmark, France, West Germany, Switzerland, Iceland and England will take part. Three ships, "Polarbjorn," "Polarstern" and "Lance," from the Norwegian Polar Institute will go on the pilot cruise in 1983. The three ships will have four helicopters onboard. A Canadian plane with very advanced remote analysis equipment and three other remote analysis planes will also be used. Under the main program in 1984, the number of both planes and ships will be increased.

Johannessen stressed the importance of having several nations join forces on such a large research program in the Arctic. "There is no doubt that more and more nations are stepping up their activities in both north and south," he said. In the south, the increased activity is connected with the Treaty of Antarctica, which expires in 1991. As many nations as possible now want to demonstrate their ties with the continent. And northern and southern research results can be compared to some extent, because the conditions are similar, Johannessen said.

"France's great interest in polar research is relatively new. In addition, a European polar research center was opened in Bremerhaven last December. West Germany has also built an advanced icebreaker, 'Polarstern,' weighing 7,000 tons and costing 190 million German marks," he said.

The big new research program will concentrate on the interaction between air, ice and water, to put it briefly. "The marginal ice zone has been investigated only sporadically in the past. Now Canadian scientists are very interested in finding warning models, so that the movements of the ice edge can be predicted. Both the United States and Canada are extracting oil from waters containing drift ice. If Norway ever starts drilling for oil in the Barents Sea, we will need the same information," said Johannessen.

The program will extend over several years and is expected to end at the conclusion of the 1980's. "We will then conduct winter experiments, which are much more difficult than the ones we will conduct in the summers of 1983 and 1984. Incidentally, the winter experiments will take place after the new European satellite, ERS-1, goes into operation. It could give us valuable information about the movements of the marginal ice zone," Johannessen said.

6578

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BRIEFS

SECURITY POLICE PHONE TAPPING STATISTICS--Each year, 100,000 telephone calls in Stockholm are tapped by the Swedish security police (Sapo), according to a survey made by the Swedish attorney-general. According to the attorney-general, each day between 75 and 100 hours of tape with phone taps are sent to interpreters of the Swedish security police for translation and transcription, and that in Stockholm alone. The Swedish security police uses approximately 25,000 tapes per year. The number of phone taps undertaken by the general police is five times smaller. The chief of the Swedish security police, Sven-Åke Hjalroth, admitted in the course of an interview broadcast yesterday by the Swedish Broadcasting Corporation that the Swedish security police makes large-scale use of phone taps. He maintained that the comparison between the Swedish security police and the general police was unfair. "It is unusual for the general police to resort to phone tapping. The police makes use of other methods of investigation." The chief of the Swedish security police declined to reveal whose phones the Swedish security police taps, and which calls are interesting. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 28 Jan 83 p 4] 7262

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